WENDEL

2019

Universal Registration Document

including the annual financial report

INVESTING FOR THE LONG TERM

Contents

WENDEL

Universal Registration Document **2019**

This Universal Registration Document contains the entire contents of the Annual Financial Report and the Non-Financial Performance Statement.

Profile

The Wendel Group is a professional shareholder and investor that fosters sector-leading companies in their long-term development.

Committed to a long-term relationship, Wendel helps design and implement ambitious and innovative development strategies that create significant value over time.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French language version of the Universal Registration Document was filed on April 16, 2020 with the Autorité des Marchés Financiers (AMF), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

PREFACE

Preface

This Universal Registration Document covers Wendel's fiscal year 2019. Wendel nevertheless provides status report* on the Covid-19's pandemic potential impact on activities and investments of Wendel SE based on the analyzable information available at the time of publication of the Universal Registration Document. Please note that the document has been prepared *via* teleworking in a fast moving context.

Given the spread of the Covid-19 pandemic, Wendel group is strictly adhering to government directives in the countries where it does business.

Its priority is the health of its employees and their families. Consequently, the Executive Board decided to close all the Group's offices on March 16, 2020. Every effort has been made to enable all staff to work remotely under the best possible conditions (computer equipment, dedicated hotline, etc.) to maintain business continuity while ensuring their well-being.

A Covid-19 unit was set up to answer employees' questions and to plan for any special support that may be requested by teams. Section 4.2.4. describes actions implemented to assist employees.

Wendel's investment team is working with its portfolio companies to monitor their respective situations and, when possible, to support them through this exceptional crisis. Section 1 provides a status report on the impact of Covid-19 on all portfolio companies. Section 10 also includes additional information on pandemic's impact.

Corporate teams are actively involved to ensure Wendel continues operating with no business interruption.

We hope that everyone will come through this unprecedented period under the best possible conditions and we are committed to taking all necessary actions to get things back to normal.

* April 15, 2020.

PROFILE

WENDEL

Wendel is one of Europe's most prominent listed investment firms.

Wendel is an investor with a unique profile. More than three centuries of experience have given this company - in which the founding family continues to play a key role - varied know-how grounded in the best practices of the services, manufacturing and finance sectors.

Thanks to its selective portfolio, the stability of its permanent capital and its controlled debt levels, Wendel can pursue its approach as a committed investor over the long term.

Group's values - Engagement, Excellence, Entrepreneurial spirit - are brought to life each day by a team of nearly 100 employees with a broad range of diverse and distinguished backgrounds and skill sets.

These are the resources which enable Wendel to support management teams of high-potential companies to help them become international leaders in their industries.

Through its actions, Wendel strives to create sustainable value for all its stakeholders. Major industrial and human successes attest to the relevance of Wendel's approach: Bureau Veritas, Capgemini, Legrand, BioMérieux, Editis, Deutsch and Stahl for example.

WENDEL

Engagement

For Wendel, engagement means, above everything else, a heightened sense of responsibility toward its shareholders, its employees, companies in its portfolio and communities.
Wendel believes that only authentic relationships can build real trust. Such trust is essential for creating sound and sustainable value.
The Wendel decision-making process prioritizes long-term interests of the companies it supports and those of their stakeholders. Their development may be marked by periods of prosperity, as well as more challenging times, which must be weathered together.

VALUES

Excellence

Three centuries of success, and sometimes of adversity, have taught Wendel that the only thing which stands the test of time is an unrelenting willingness to improve.

Wendel knows how to single out promising companies and reliable leaders because it knows that they are the real builders of the future.

Wendel recognizes that the qualities of curiosity and open-mindedness must be continuously cultivated at individual and at company levels to ensure adaptation and longevity.

Entrepreneurial spirit

For Wendel, entrepreneurial spirit is a blend of courage and calculated risk taking. It also entails a sense of responsibility.

For Wendel, entrepreneurial spirit will always be an irreplaceable *momentum* which drives the Group to create something useful for people and for society.

Business model

MISSION

Wendel works with entrepreneurial management teams to develop leaders for the long term

VALUES

Engagement
Excellence
Entrepreneurial spirit

GOVERNANCE

Supervisory Board

- 12 members, including 6 members of the Wendel family and 1 employee representative
- 45% independent members
- 45% women
- Audit, Risk and Compliance Committee
- Governance and Sustainable Development Committee

Executive Board

- 2 members appointed by the Supervisory Board for 4-year terms

Committees

- Investment Committee
- Management Committee
- Coordination Committee

ESG STRATEGY

Serve as a role model
Promote excellence and commitment

- Foster employability, inclusion, well-being and commitment through concrete actions
- Adhere to the highest standards in governance, ethics, environment and operational management

Build sustainable companies

- Invest to support and transform companies with respect for the environment and society

Lead by example in addressing ESG challenges

- Compliance program including Sapin II requirements
- Carbon footprint and actions to reduce its carbon footprint
- Responsible purchasing practices

Sponsorship

- Partnership with INSEAD since 1996
- Founding sponsor to Centre Pompidou-Metz since 2010
- Philanthropic Committee

RESOURCES

PERMANENT CAPITAL

Family shareholding
39.1% held
by Wendel-Participations and related parties*
(reference shareholder)

Employee shareholding
74.5% shareholders employees
owning 0.9% of capital

Individual investors
19.3% of capital held
by nearly 23,000 individuals

Institutional investors
35.2% of capital held,
across 30 countries

Bond investors
accounting for **€1.7 billion**

HUMAN RESOURCES

- **90 employees** based in Paris, Casablanca, London, Luxembourg, New York and Singapore
- **52% of the total staff are women**
- **21% of investment team members are women**

Wendel's business model as of December 31, 2019.

* In accordance with Article L. 233-10 of the French Commercial Code, the data include Wendel-Participations SE, its Chairwoman, Priscilla de Moustier, and Société Privée d'Investissement Mobiliers (SPIM).

2019

OUR INVESTMENTS

Wendel invests its capital, as the majority or lead shareholder, in companies which are leaders in their sectors or have the potential to rise to the top. As it assists these companies, Wendel promotes responsible, sustainable growth for the long term.

BUREAU VERITAS
Certification and inspection services
Since 1995

ALLIED UNIVERSAL
Security services
Since 2015

CONSTANTIA FLEXIBLES
Flexible packaging
Since 2015

CRISIS PREVENTION INSTITUTE
Training services
Since 2019

CROMOLOGY
Decorative paints
Since 2006

IHS TOWERS
Telecoms infrastructure
Since 2013

STAHL
High-performance coatings and leather-finishing products
Since 2006

TSEBO
Business services
Since 2017

WENDEL LAB
Investments in innovation
Since 2013

OTHER ASSETS

VALUE CREATED WITH AND FOR STAKEHOLDERS

Measurement of value creation

- Over €9 billion of gross assets
- Over €5 billion in market capitalization
- Net Asset Value (NAV) of €166.30 per share on 12/31/2019, or a 12.8% increase
- Overall yield (dividends re-invested) of 11.8% per annum since 06/13/2002

Support for companies

- Active and ongoing assistance, discussions on risk taking, sharing of experiences and pooling of financial and technical expertise
- Representation on the companies' boards of directors and key committees

Shareholder dialogue

- Institutional investors: 370 meetings
- Wendel Shareholder Advisory Committee: 3 meetings
- Letter to shareholders: 3 letters
- Governance roadshows
- Lead director

Employee development and value sharing

- 16.5 hours of training per employee
- Profit-sharing agreement, group employee savings plan, collective pension fund
- Supplementary pension plan
- 94% employees were awarded stock options and performance shares
- Reimbursement of daycare expenses
- Supplemental insurance, contingency benefits

Key figures as of December 31, 2019

Gross assets
More than 9
billion euros

NAV
166.3
euros par share

316 years
of history

Consolidated net sales
8,562.2
million euros

Ordinary dividend
2.90
euros par share(1)

More than
40 years
of investment experience

8
portfolio companies

Market capitalization
More than 5
billion euros

c. 100
employees

Financial credit ratings

Standard & Poor's
Long-term: BBB with stable outlook
Short-term: A-2
Since January 25, 2019

Moody's
Long-term: Baa2 with stable outlook
Short-term: P-2
Since September 5, 2018

Non-financial ratings

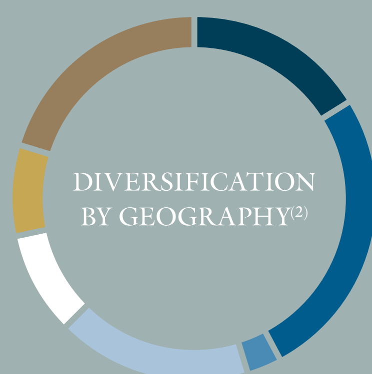
MSCI
Rating: AA
Above the average of companies included in the diversified financials category

ROBECOSAM
20th among approximately 100 diversified financials

(1) Subject to approval at the Annual Shareholders' Meeting on 07/02/2020. After achieving very favorable results and a sound financial condition in financial year 2019, Wendel announced a dividend of €2.90 per share. Wendel is waiting for a clearer view of the economic and public health situation before making a final statement about the dividend.

Locations

- 19% Telecoms and infrastructure
- 11% Energy
- 3% Industry
- 7% Healthcare
- 6% Government, administration and education
- 25% Consumer goods
- 4% Renovation
- 4% New construction
- 8% Other
- 10% Automotive and transportation



- 16% North America
- 26% Africa and other
- 3% Eastern Europe
- 17% Rest of Europe
- 9% France
- 8% Latin America
- 20% Asia-Pacific

2019

Wendel is listed on the Euronext Paris Eurolist.
(2) Enterprise value exposure of Group companies, according to the breakdown of 2019 revenues. Enterprise values are based on NAV calculations as of December 31, 2019. Companies included are: Bureau Veritas, Allied Universal, Constantia Flexibles, Crisis Prevention Institute, Cromology, IHS Towers, Stahl and Tsebo.

Timeline

1815
A NEW DIMENSION
François de Wendel enters public life

François de Wendel acquires the Moyeuvre steel works. With the Restoration, the family reclaims its industrial assets confiscated during the French Revolution and relaunches its activities. François de Wendel goes into politics and is elected member of parliament for La Moselle.

1880
THE STEEL AGE
The "Thomas process" gives birth to the Lorraine steel industry

The "Thomas process" makes it possible to produce steel from Lorraine ore. Les Petits-Fils de François de Wendel & Cie, a company established in 1871, and Wendel & Cie, founded in 1880, rise to the top tier of Europe's leading steel producers.

1704
THE SAGA BEGINS
Jean-Martin Wendel acquires the Hayange steel works

Between 1704 and 1870, Jean-Martin Wendel and his successors take advantage of innovations related to the industrial revolution: iron smelted with coke, widespread use of blast furnaces and rolling mills, the development of railways, etc.

1859
"MF" LISTED ON THE STOCK EXCHANGE
Marine-Firminy goes public

Originating from the Compagnie des Hauts-Fourneaux, Forges et Aciéries de la Marine et des Chemins de Fer, Marine-Firminy is listed on the stock market in 1859. Marine-Wendel purchases Marine-Firminy in 1975 and keeps its stock ticker symbol, "MF".

1977

THE ERA OF CHANGE

Diversification begins amid a deepening economic recession

The Group is reorganized. Its non-steel assets are brought together in a new entity: Compagnie Générale d'Industrie et de Participations (CGIP).

THE 2010s

SERVICES, INDUSTRY AND FINANCE

Wendel, one of Europe's leading listed investment firms

For more than three centuries, the Group has been supported by the Wendel family, its core shareholder. It continues to diversify and invest in companies strongly focused on international development.

2019

1948

THE POST-WAR PERIOD

The focus is on rebuilding the country

After the destruction of many of its factories during the war, the Group recovers and begins to grow again. The creation of the Sollac production cooperative in 1948, followed by Solmer cooperative in 1969, help meet the growing demand for sheet steel. In 1975, Wendel produces 72% of French crude steel.

2002

NEW *MOMENTUM*

Diversification into new business sectors

Marine-Wendel and CGIP merge to form Wendel Investissement, renamed Wendel in 2007.
The industry approach and the focus on long-term corporate development help give Wendel a strong, clearly-identified image.

Questions for Nicolas ver Hulst

"Ethics and social responsibility are key."

Wendel's business has been quite exciting in the last few months. Can you tell us about the projects on which the Supervisory Board focused on in 2019?

N.v.H: Yes, quite obviously, 2019 was a year of progress for Wendel. A year of positive transformation, and a year of growth in our Net Asset Value (NAV). A year where we chose to take Bureau Veritas' dividend in shares, in order to give Bureau Veritas more funding for growth. In 2019, we also divested a big part of our holdings in Allied Universal under good conditions and at an auspicious time. This divestment gave us flexibility to acquire Crisis Prevention Institute (CPI), an American training company with a strong growth potential. The Supervisory Board analysed at length these projects presented by Wendel executive team and sanctioned them; as a result of these two moves, Wendel continued its success story in North America.

The Supervisory Board also monitors Wendel's cashflow and debt level. Wendel successfully completed a bond issue of 300 million euros under good conditions; the proceeds were used to redeem bonds maturing in 2020, thereby reducing Wendel interest charges and extending maturities beyond 2023. Wendel now shows a healthy cash balance of 1.1 billion euros*.

As regards the Group's governance, there was a change in the Executive Board. Following Bernard Gautier's resignation, David Darmon, who started Wendel's operations in the United States some years ago, was appointed Group Deputy CEO. Addtionally, Wendel's Operating Partners have also started to play a more active role in 2019, advising CEOs of portfolio companies.

Lastly, Wendel's Supervisory Board was active in promoting Corporate Social Responsibility on issues such as gender equality or code of ethics.

What are your expectations for the Executive Board in the coming months and years?

N.v.H: The relationship between the Executive Board and the Supervisory Board is based on trust and dialogue. While each body plays its role, we, for instance, have frequent discussions on strategic decisions. On the regulatory front, new accounting standards (especially IFRS 16) require the Audit, Risk and Compliance Committee to take a close look at the valuation of net assets. Wendel has implemented a robust internal control system with staff that give regular progress reports to the Board. ESG is becoming a major factor, and the Supervisory Board relies on the Executive Board and Wendel's team to lead our efforts, not only at Wendel, but also at Wendel's portfolio companies' level.

The world will be radically different after the public health crisis. Market exuberance will be a something of the past, company valuations will probably be more reasonable, and debt levels, lower.

André François-Poncet has protected the Group from the excesses seen in markets, thanks to a disciplined approach. David Darmon's actions have ensured Wendel's American strategy was a success. Today, we expect the Executive Board to position the Group in growth industries. Wendel is an committed, entrepreneurial, shareholder for companies with ambitious growth objectives.

* As of December 31, 2019.

André François-Poncet

“The soundness of our balance sheet matters more than ever.”

“2019 was a year of progress. Bureau Veritas sped up its growth and consolidated its financial model. IHS Towers continued its positive trajectory. Stahl regained *momentum* in the last months of the fiscal year. Constantia Flexibles embarked on a vigorous plan to restore its competitiveness. Lastly, Wendel reinvested some capital from the sale of Allied Universal – an investment success – into Crisis Prevention Institute.

In contrast, 2020 began with a brutal and global slowdown. It is not yet possible to measure all the consequences of the Covid-19 pandemic but we can already see that the intensity of this shock largely exceeds all other previous crisis in this century.

Over the last few years, we prepared for a predictable downturn in macroeconomic and financial environments although we did not know precisely what its trigger would be. We divested half of our portfolio companies as a precautionary measure. We also freed up significant resources by selling Saint-Gobain and Bureau Veritas shares and by continuing to reduce debt levels at Stahl and at Constantia Flexibles. We shored up Bureau Veritas’ balance sheet by taking our 2018 dividend in shares and by focusing the company on cash flow generation.

Overall, we sold far more than we bought. We acted as contrarians in a market where the general mood favored speculative acquisitions.

Today, Wendel is backed by a solid financial structure and by a sound portfolio. We have the means to cope with the current adverse situation. We will be disciplined in making appropriate decisions and we will act with our stakeholders in mind.

When we emerge from this difficult period, Wendel will continue its gradual deployment towards to growth markets. The Group will be more attentive than ever to the health of its balance sheet, whose crucial role is now obvious. We will continue to support leading companies with their growth plans and we will further our ESG (Environment, Social, Governance) commitments, whose importance is also evident in the current situation.

I want to thank our shareholders and the Wendel family for their support as well as our portfolio companies leaders and their teams. They are all rising to the challenge. On behalf of the Supervisory Board and my colleague David Darmon, I would also like to commend Wendel’s employees: they adjusted quickly – thanks in particular to collaborative IT tools – and they have enabled the Firm to remain fully operational despite unprecedented circumstances. Together, we will succeed.”

April 15, 2020.

Supervisory Board

The Supervisory Board closely oversees the Executive Board's management of the company.

The Supervisory Board has twelve members, including one employee representative.

Terms are four years.
45% are women i.e. above bettering the 40% target recommended by the Afep-MEDEF Code since 2016 and mandated by law since 2017.
At 45%, the percentage of independent members on the Board also exceeds the Afep-MEDEF Code i.e. 33.33%.

Nicolas ver Hulst
Chairman of the Supervisory Board
Age 66

Gervais Pellissier
Vice-Chairman of the Supervisory Board, lead director of the Supervisory Board, Member of the Audit, Risk and Compliance Committee
independent member
Age 60

Guylaine Saucier
Chairwoman of the Audit, Risk and Compliance Committee, member of the Governance and Sustainable Development Committee,
independent member
Age 73

Jacqueline Tammenoms Bakker
Chairwoman of the Governance and Sustainable Development Committee, member of the Audit, Risk and Compliance Committee,
independent member
Age 66

Franca Bertagnin Benetton
Member of the Audit, Risk and Compliance Committee,
independent member
Age 51

Bénédicte Coste
Member of the Audit, Risk and Compliance Committee
Age 62

6 scheduled meetings

99%
attendance rate

6 *ad hoc* meetings

89%
attendance rate

3.45 hours
average duration of a meeting

SUPERVISORY BOARD

Édouard de l'Espée
Member of the Governance and Sustainable Development Committee
Age 71

Nicholas Ferguson
Member of the Governance and Sustainable Development Committee, independent member
Age 71

Priscilla de Moustier
Member of the Governance and Sustainable Development Committee
Age 67

Sophie Parise
Member of the Governance and Sustainable Development Committee, employee representative
Age 41

François de Wendel
Member of the Audit, Risk and Compliance Committee
Age 71

Humbert de Wendel
Member of the Audit, Risk and Compliance Committee
Age 63

45%*
independent members
(excluding the employee representative)

45%*
women
(excluding the employee representative)

63.5
average age

6 years
of service, on average

5 nationalities
French, Italian, British, Canadian, Dutch

*Beyond the legal requirements of the Afep-MEDEF Code.

The Executive Board is appointed by the Supervisory Board for four years and comprises two members: André François-Poncet and David Darmon.

The Executive Board makes decisions regarding the Group's activities: investments, financial situation, internal organization for example. It meets at least every two weeks.

It is assisted by two committees: the Management Committee, which handles operational management; and the Investment Committee, which reviews the investment projects based on analyses by the investment team. Based on recommendations from the Investment Committee, the Executive Board makes decisions, which are then presented to the Supervisory Board. There is also a Coordination Committee, which ensures that information is shared between teams at Wendel's various locations.

André François-Poncet,
Group CEO
A graduate of HEC and holder of an MBA from Harvard Business School, André François-Poncet was appointed Group CEO on January 1, 2018. He has been a Director of AXA since 2016. He worked at Morgan Stanley (London, New York and Paris) for 16 years and at BC Partners (Paris and London) as a Managing Partner, then Senior Advisor, for 15 years. He served as a Partner at CIAM from 2016 to 2017.

David Darmon,
Deputy Group CEO
David Darmon is a graduate of Essec and holds an MBA from INSEAD; he joined the Executive Board on September 9, 2019. Since 2005, after having worked at Apax Partners and Goldman Sachs, David Darmon has managed many investments for the Group. In 2013, he opened Wendel's New York office.

In 2019, three Executive Vice-Presidents were appointed to assist the Executive Board: Jérôme Michiels, Josselin de Roquemaurel and Félicie Thion de la Chaume. Christine Anglade Pirzadeh coordinates meetings in her role as Advisor to the Executive Board.

EXECUTIVE BOARD

Two additional bodies within the Wendel group share responsibility for effecting and overseeing investments.

The Investment Committee reviews investment proposals.

The Investment Committee selects and prepares the investments of the Wendel group.
It meets almost weekly and regroups the Executive Board, Managing Directors and the Group Chief Financial Officer.

André François-Poncet
Group CEO
Age 60 — 2 years of service

David Darmon
Group Deputy CEO
Age 46 — 14 years of service

Stéphanie Besnier
Managing Director,
Co-head of investment activity
in French speaking Europe
Age 42 — 12 years of service

Stéphane Heuzé
Managing Director,
CEO Wendel Africa
Age 43 — 5 years of service

Jérôme Michiels
Executive Vice-President, Managing
Director, Group Chief Financial Officer,
Director of Operational Resources
Age 45 — 13 years of service

Adam Reinmann
Managing Director,
CEO Wendel North America
Age 44 — 6 years of service

Josselin de Roquemaurel
Executive Vice-President,
Managing Director,
Co-head of investment activity
in French speaking Europe
Age 43 — 2 years of service

Félicie Thion de la Chaume
Executive Vice-President,
Managing Director,
CEO Wendel London
Age 40 — 12 years of service

COMMITTEES

48
average age

41.6%
women

7.3 years
of service,
on average

The calculation does not take into account Marie-Hélène Dorat as Director of Human Resources.

The Management Committee handles operational management.

The Management Committee makes decisions regarding the organization and operations of the Group. It comprises the members of the Executive Board and directors of corporate functions and meets every other week.

André François-Poncet
Group CEO
Age 60 — 2 years of service

David Darmon
Group Deputy CEO
Age 46 — 14 years of service

Christine Anglade Pirzadeh
Director of Sustainable Development and Communications, Executive Board Advisor
Age 48 — 8 years of service

Caroline Bertin Delacour
General Counsel and Group Chief Compliance Officer
Age 56 — 10 years of service

Marie-Hélène Dorat
Director of Human Resources (until March 31, 2020)
Age 60 — 11 years of service

Peter Meredith
Tax Director
Age 60 — 7 years of service

Jérôme Michiels
Executive Vice-President, Managing Director, Group Chief Financial Officer, Director of Operational Resources
Age 45 — 13 years of service

Alexina Portal
Director of Human Resources
Age 50 — started on March 16, 2020

STRATEGY

Wendel's strategic orientation

In light of the Covid-19 public health crisis which began in early 2020 resulting in a drop in economic activity and valuations, Wendel is focusing all of its energy on supporting portfolio companies to help them adapt to this unprecedented situation.

Wendel will continue with the conservative approach which has characterized its activity over the past few years and will be more selective than ever in reviewing potential acquisitions, feeling no pressure to invest.

Other aspects of the Group's goals remain unchanged:

- Develop and crystallize value by pursuing the long-term growth of portfolio companies and by taking advantage of opportunities to divest, form partnerships, list companies on the stock exchange or reinvest in a disciplined manner if and when this seems attractive;
- In some cases, invest alongside partners who share Wendel's philosophy, as the Group has already done in the past;
- Keep debt under strict control at a level well below 2.5 billion euros, while maintaining a balance between listed and unlisted stakes in the portfolio;
- Pursue ambitious financial objectives: double-digit average return to shareholders and dividends increasing year after year to the extent possible, combined with regular share repurchases, depending on opportunities. Unfortunately, current circumstances are working against these objectives.

Over the long term, Wendel seeks to offer investors a portfolio of around 10 companies, predominantly unlisted companies. Unlisted assets will represent around 50% of gross assets, with listed assets and cash and cash equivalents accounting for the remaining 50%.

Wendel's roadmap will be revisited when the Executive Board's term is up for renewal.

Wendel's investment model

Wendel invests in companies that are or have the potential to become leaders in their industries.

Wendel selects companies which are companies well positioned to capitalize on promising geographies and significant long-term economic trends, such as demographic changes, urbanization, increasing buying power in developing countries, sustainable growth, safety and security, digitalization, etc.

Acquisitions by subsidiaries and investments

Companies which are added to the portfolio are poised to expand through organic growth and value-creating acquisitions. Growth through acquisition is an integral part of the growth model for almost all of the Group's companies. Each company's development strategy targets a percentage of growth through acquisitions - usually of lesser sized companies which create value. Wendel's teams assist the Group's companies in seeking out such accretive acquisitions. They support companies in deploying their external growth strategy and in raising up the necessary financing.

A model built on enterprising spirit

To give its managers a stake in the Group's value creation, Wendel has set up co-investment programs to allow them to invest their personal savings in the assets held in the Group's portfolio. This gives them a personal stake in the risks and rewards of these investments.

TARGET SIZE
Initial equity investments are generally between 200 million euros and 700 million euros, **with the possibility of subsequent reinvestment.**

GEOGRAPHIC AREAS
Wendel favors companies based in Europe and North America. It selects companies with significant international exposure or an internationally oriented growth strategy.

GOVERNANCE
Wendel seeks a balanced approach to governance which enables it to fully play its role as a long-term shareholder. Wendel appoints management teams who share its vision.

MODERATE LEVERAGE
The debt of Group's companies is without recourse for Wendel and is calibrated on the basis of each entity's growth profile and ability to generate cash flow.

A RESPONSIBLE INVESTOR
Wendel does not invest in sectors whose image would not fit with the Group's reputation or be in conflict with its values and its policy of responsible investment.

ESG

Environment, Social, Governance

VALUES
Engagement.
Excellence.
Entrepreneurial spirit.

VISION
For Wendel, a company's ESG performance is an engine for growth.

MISSION
Wendel works with entrepreneurial teams to develop leaders for the long term.

ESG performance is part of Wendel's DNA

Wendel's mission is to support and transform companies which have the potential to prosper in a changing world and to offer a return on investment to its shareholders, as well as lasting benefits to society.

Wendel, a responsible company

Faced with the reality of today's environmental and social challenges, Wendel is committed to setting an example by the way it operates as a company.

Commitments to foster excellence and engagement at Wendel

- Ensure that everything it does is always characterized by integrity and transparency. As a professional shareholder and a listed company, Wendel promotes exemplary governance and risk management. This principle is supported by sound governance structures, clear operating rules and procedures and a culture of straightforward, open dialogue.
- Minimize negative impacts on the environment by reducing its carbon footprint as much as possible.
- Promote responsible purchasing practices.
- Improve the employability of all staff by investing in their development and training.
- Promote diversity, a crucial driver of performance. Make it a priority to improve gender balance at all levels of the organization.
- Conduct a survey every two years to adjust action plans to the needs expressed by employees with a view to continuously improving well-being in the workplace, a driver of excellence.
- Bolster the Group's philanthropic actions and sponsorships to support the communities in which it operates.

Build sustainable leaders

Long-term investor commitments

- Prior to each investment, rigorously examine each opportunity against the list of exclusions and test the ESG resilience of its business models.
- Assess the maturity of each company *vis-à-vis* sustainable development during the in-depth analysis of their ESG (Environment, Social, Governance) performance.
- During the period of ownership, closely monitor the ESG roadmap drawn up for each investment. Empower Wendel's staff and the companies in the portfolio by linking part of their variable compensation to progress made.
- When exiting an investment, rate the advancement of ESG practices over the course of Wendel's shareholding. Whenever possible, share the value created with the broader teams of the divested company.

Wendel is a signatory to the Principles for Responsible Investment (PRI) developed by the United Nations in March 2020.
Wendel also signed the charter drawn up by France Invest (an association of growth investors), which aims at promoting gender equality among French capital investment firms and companies they support.

Wendel pledges to abide by the six Principles for Responsible Investment (PRI) defined by the United Nations.

1. Incorporate ESG issues into investment analysis and decision-making processes.

2. Be an active owner and incorporate ESG issues into ownership policies and practices.

3. Seek appropriate disclosure on ESG issues by entities in which it invests.

4. Promote acceptance and implementation of these six principles within the investment industry.

5. Work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the six principles.

6. Report on the activities and progress made towards implementing the six principles.

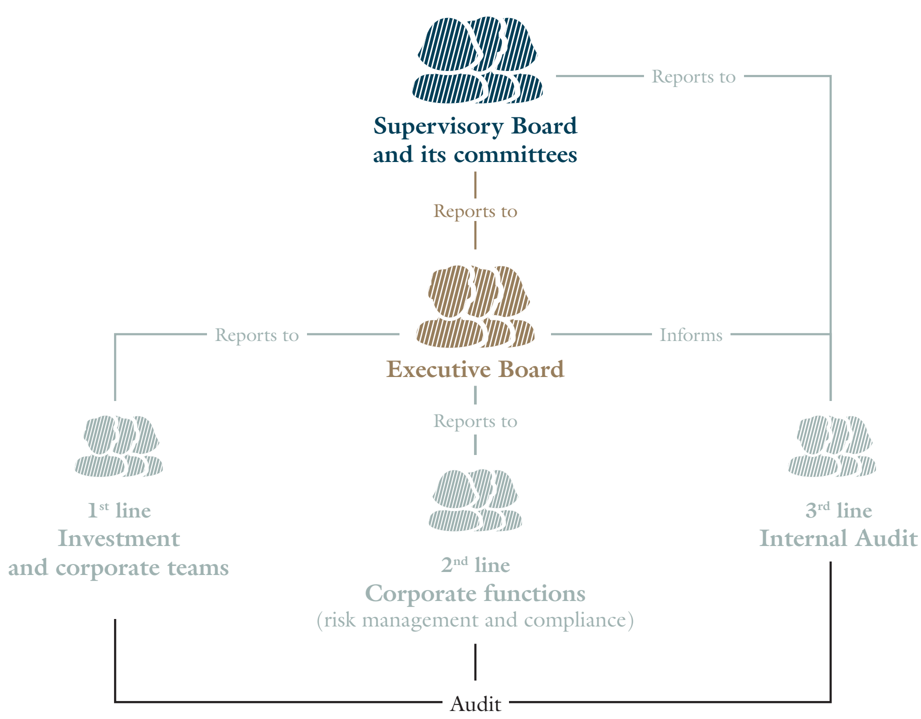
Risk management and internal control systems

The risk management and internal control systems at the Wendel group are organized into three lines of defense and accountability.

1st line. Members of the investment and corporate teams implement controls and identify risks at the operational level.

2nd line. The managers of corporate functions define processes and deploy the procedures and tools needed to control these risks. They regularly ensure that risks are monitored and that controls are properly implemented.

3rd line. The Internal Audit Department conducts an assessment independent of the system and issues recommendations for improvement.



The investment and corporate teams report to the Executive Board.
Internal Audit reports to the Audit, Risk and Compliance Committee.

RISK

Map of risks deemed most significant by Wendel

Risk factors	Assessment
Risks related to operations and business	
Geographical exposure and asset concentration	High
Robustness of portfolio companies' business models	High
Due diligence on potential investments and divestments	Moderate
Estimated value of portfolio companies	Moderate
Reliability of information submitted by portfolio companies	Low
Financial risks	
Public markets risks	High
External risks	
Covid-19 pandemic	High
Legislative and regulatory changes	Moderate
Risks related to governance	
Presence of a majority shareholder	Low

A concentrated yet diversified investment portfolio

Bureau Veritas

35.9% stake

Certification and inspection services

2019 sales: €5,099.7 million
No. 2 in the world
More than 78,000 employees
Present in 140 countries
400,000 clients
More than 1,500 offices and laboratories
Amount invested: €397.3 million since 1995

Allied Universal

c. 6% stake

Security services

2019 sales: $7.5 billion
American leader in security services
c. 246,000 employees
More than 14,200 clients
293 offices in the United States
Amount invested: $80 million since 2015

Constantia Flexibles

60.6% stake

Flexible packaging

2019 sales: €1,534.3 million
No. 2 in Europe, no. 3 in the world
c. 8,800 employees
36 production sites
in 16 countries
Amount invested: €565 million since 2015

Crisis Prevention Institute

c. 96% stake

Training services

2019 sales: $87.7 million
Market leader in the United States
More than 9,000 clients
325 employees
39,000 Certified Instructors
Offices in 3 countries,
trainings offered in 17 countries
Amount invested: $569 million since 2019

2019

Cromology

95.9% stake

Decorative paints

2019 sales: €667.8 million
No. 2 in France and in Portugal
No. 1 in Italy
c. 3,300 employees
Operations in 9 European countries
7 R&D laboratories
Amount invested: €550 million since 2006[1]

IHS Towers

21.3% stake

Telecoms infrastructure

2019 sales: $1,231 million
No. 1 in Africa
Fourth-largest independent tower company globally
c. 2,000 employees
Present in 9 countries
27,975 towers[2]
Amount invested: $830 million since 2013[3]

Stahl

67.5% stake

High-performance coatings and leather-finishing products

2019 sales: €808.7 million
Worldwide leader in chemicals for leather
c. 2,000 employees, including over 600 Golden Hands
Present in 24 countries
35 laboratories and 11 production sites
Amount invested: €221 million since 2006

Tsebo

63.8% stake

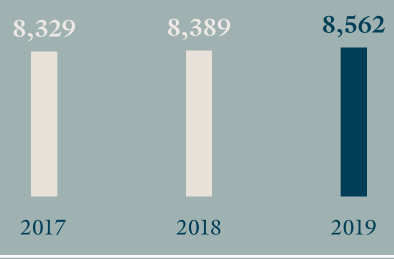
Business services

2019 sales: $505.7 million
African leader in business services
c. 40,000 employees
Present in 27 African countries
Amount invested: €158 million since 2017

Amounts invested and percentage of share capital held by the Wendel group are stated as of December 31, 2019. If co-investment conditions are met, there could be a dilutive effect on Wendel's percentage ownership. See page 303 of the 2019 Registration Universal Document. All information regarding the competitive positioning and market shares of our subsidiaries and associates, as well as certain financial information, comes from the companies themselves and has not been verified by Wendel.
(1) Combined amount of equity invested Wendel in Materis and Cromology. €125 million of additional capital injected in Cromology in May 2019. (2) Number of towers excluding managed services and towers under construction, *pro forma* transactions in Kuwait and South America (finalized in 2020). (3) Effective holding of 19.2% resulting from the dilutive impact of the profit-sharing mechanism implemented at IHS Towers.

Key figures for the past three fiscal years

CONSOLIDATED NET SALES

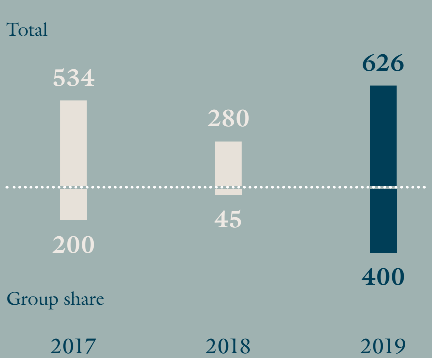


In millions of euros as of 12/31.

NET ASSET VALUE

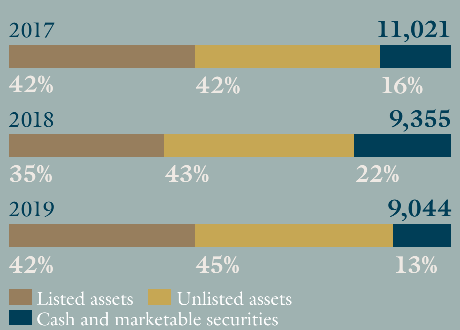
In euros per share as of 12/31.

NET INCOME



In millions of euros as of 12/31.

TOTAL GROSS ASSETS UNDER MANAGEMENT



In millions of euros as of 12/31.

DIVIDEND

Ordinary dividend, in euros per share.

* Subject to approval at the Annual Shareholders' Meeting on 07/02/2020. After achieving very favorable results and a sound financial condition in financial year 2019, Wendel announced a dividend of €2.90 per share. Wendel is waiting for a clearer view of the economic and public health situation before making a final statement about the dividend.

NET DEBT

In millions of euros as of 12/31.
Defined as: cash and marketable securities - Wendel bond debt and accrued interest.

1 GROUP PRESENTATION

1.1 Corporate history

The Wendel Group was founded in the Lorraine region in 1704. For 70 years, it developed its business in diverse industrial activities, notably within the steel industry, before focusing on long-term investing.

A central force in the development of the French steel industry, the Wendel Group diversified at the end of the 1970s. Today the Company is dedicated to the success of leading businesses in a variety of sectors (tests, inspection and certification – chemicals and high performance and decorative coatings – business services – telecom infrastructure – packaging – security – training).

From 1704 to 1870, the Group took advantage of the major inventions that spurred on the expansion of its iron and steel activities: coke iron, widespread use of blast furnaces and rolling mills, the development of railroads, etc.

In the 20th century, hard hit by two world wars that ravaged the Lorraine production facilities, the Group recovered and began to grow again. The creation of the Sollac production cooperatives in 1948, followed by Solmer in 1969, helped meet the growing demand for sheet steel. In 1975, the Group produced 72% of French crude steel.

In 1974, the sudden rise in oil prices led to a widespread economic crisis. The French steel industry was faced with a serious downturn. Fixed steel prices and investment in modernization pushed the industry toward financial ruin.

In 1975, Marine-Wendel was created when the Wendel Group took over the holding company Marine-Firminy. The coexistence of the Group's steel industry assets (Sacilor, Forges and Aciéries de Dilling, etc.) alongside its diversified activities (Carnaud, Forges de Gueugnon, Oranje-Nassau, Cimenteries de l'Est, several mechanical engineering companies, etc.) came to an end during the European steel crisis of 1977, and the Group was broken up into two entities. By transferring all of its non-steel industry assets in November 1977, Marine-Wendel created Compagnie générale d'industrie et de participations (CGIP), in which it retained only a 20% equity interest.

In June 2002, Marine-Wendel and CGIP merged and the new entity took the name of WENDEL Investissement. The industry approach and focus of our management teams on long-term corporate development has helped give our Group a strong, clearly-identified image. This solid positioning as a professional shareholder that understands investments from the industry's point of view prompted us to propose, at your June 4, 2007 Annual Meeting, that the legal name of the Company be simplified from "WENDEL Investissement" to "Wendel", so as to emphasize our long-term industrial values anchored in our centuries-old history. Since 2007, in order to pursue its development, Wendel has four foreign offices (Casablanca, London, New York and Singapore) in addition to its historic bases in Paris and Luxembourg.

1.2 Business

Wendel is one of Europe's leading investment companies in size, with more than €9 billion in assets under management at end-December 2019. It invests in leading companies and in companies with the potential to become leaders. Wendel is both a shareholder and an active partner. It supports the management of the companies in which it invests, gives them responsibility and works with them over time to achieve ambitious sustainable growth and shareholder value objectives. Wendel also has the special characteristic that it is a long-term investor with permanent capital, a double Investment Grade rating, and access to the capital markets. It is supported and controlled by Wendel-Participations, a stable family shareholder structure with more than 315 years of history in industry and more than 40 years of investment experience.

The investment team is composed of more than 35 experienced professionals. The team members have varied and complementary profiles and include former consultants, company executives, investment bankers and operations managers from a broad array of industrial and service sectors. This allows us to capitalize on their experience and the network of contacts they have developed during their professional careers. The team thus has both in-depth industry knowledge and recognized financial expertise. Its objective is to foster the emergence of companies that are leaders in their sector and to accompany their development in the medium or long term, particularly by encouraging innovation, the best ESG practices, and boosting productivity. Investment opportunities are systematically referred to a team which examines each case, in particular by looking at the enterprise's growth prospects. These investment opportunities are then reviewed by a diverse and collegial Investment Committee, composed of experienced Managing Directors, including the Chief Financial Officer and the two members of the Executive Board. If Wendel goes ahead with the transaction, the same team that examined the opportunity then carries out its follow-up.

Global competitive landscape in 2019

As a professional investor, Wendel may face various competitors for its acquisitions, including private equity funds, sovereign wealth funds, pension funds, family groups and industry players. All of these entities are active in the controlling stake investment universe (except for industry players) and they number in the thousands, typically focusing on medium-term investment horizons of 3 to 5 years – unlike Wendel, which generally takes a long-term approach – and making use of leverage.

In 2019, stiff competition for the most attractive assets once again strengthened the position of sellers towards funds looking to place their investors' capital. Wendel's permanent capital in particular sets it apart from private equity players. Nevertheless, in recent years, new competitors have emerged, also targeting longer-term investments (sovereign funds, pension funds and longer-term investment funds), affirming the appropriateness of Wendel's model.

In 2019, these high levels of capital to be invested and the strong performance of stock markets continued to push up acquisition multiples. At the same time, the debt markets remained open, allowing purchasers to take advantage of historically low interest rates and increase average debt leverage for acquisitions. No global data are available on the investment activities of all of the market participants mentioned above, but in 2019, private equity funds, for which annual statistics are published, continued to crystallize portfolio value in 2019, with capital exits totaling $405 billion (in line with 2018), for an average holding period of 4.3 years. All exit routes were used, particularly sales to strategic investors. Despite growing market volatility, which increased in the first months of 2020, private equity has continued to produce rates of return above those offered by other asset classes.

Despite their different models and portfolio composition strategies, Wendel is often compared to Eurazeo, Exor, FFP, Investor AB, Onex, Ratos AB, Investor AB, Kinnevik AB, Industrivarden AB, HAL Trust, Ackermans & van Haaren, Sofina, GBL and 3i Group.

1.3 Investment model and business development strategy

Wendel's know-how consists in selecting leading companies, both listed and unlisted, making a long-term investment and helping to define ambitious strategies, while implementing a clear, explicit shareholder approach, together with the management. To successfully execute its long-term investment strategy, Wendel has several strengths: a stable family shareholder base, permanent capital and a robust balance sheet, and a portfolio of companies that lends the Group a very broad geographical and sectoral view. Since 1977, Wendel's international investment teams, with their complementary profiles and expertise, have invested in a great number of successful companies, including Capgemini, bioMérieux, Reynolds, Stallergenes, Wheelabrator, Valeo, Afflelou, Editis, Legrand, Deutsch and Allied Universal.

1.3.1 Committed partnering with entrepreneurial teams

Wendel's investment and sustainable development strategy is based on close interaction with the managers of the companies it invests in. This partnership is central to the process by which value is created. Wendel provides constant and active support, shares risks and contributes its experience and financial, technical and communications expertise. In the same vein, Wendel can reinvest and support companies when the economic and financial conditions or the Company's business development projects demand it.

Wendel is represented in the Boards of Directors and key committees – audit, governance, sustainable development and strategy – of its investments, in proportion to its stake. It can therefore take part in the most important decisions made by each company without ever taking the place of its management.

1.3.2 Principles for our role as long-term shareholder

Wendel upholds the shareholder's charter it established in 2009, which includes five major principles:

- active involvement in designing and implementing company strategies through participation on the Boards of Directors and key committees of the companies in which Wendel is invested;
- firm, long-term commitments to our partner companies by supporting their development, fostering their exposure to strong-growth regions and allocating time and resources to the innovation cycle;
- constructive, transparent and stimulating dialogue with management while constantly questioning ingrained habits and rethinking models against the yardstick of global best practices;
- everyday loyalty through effective relationships built on trust that recognize the respective roles of shareholders and managers;
- a guarantee of shareholder stability and the common cause of a long-term partner who doesn't hesitate to make a financial commitment during tough times, where justified.

1.3.3 Constructing a balanced portfolio

Wendel aims first and foremost to create value by developing assets over the long term, by actively encouraging its companies to make investments that drive organic growth and profitability and by providing support for their acquisitions. Leveraging its status as an Investment Grade bond issuer, the Group has room for maneuver to periodically develop a diversified portfolio of companies and to make new investments, primarily in unlisted companies.

1.3.3.1 Investment profile

Wendel's permanent capital enables it to invest for the long term as the majority or leading shareholder in unlisted companies that are leaders in their markets, in order to boost their growth and development.

The Wendel Group has an investment model chiefly focused on companies with as many of the following characteristics as possible:

- companies which embody Wendel's CSR values and ethics;
- business activities relating to one or more major, long-term economic trends, enabling Wendel to plan to hold the investment over the long term, even going beyond 15 to 20 years in certain cases;
- located in countries that are well known to Wendel, mainly based in Europe and North America;
- with strong international exposure or an international growth strategy;
- ideally representing an initial investment generally between €200 to 700 million;
- led by high-quality, experienced management teams with which Wendel shares a common vision;
- among the leaders in their markets;
- operating in sectors with high barriers to entry;
- sound fundamentals and, in particular, recurrent and predictable cash flows;
- and offering high potential for long-term profitable growth, through both organic growth and accretive acquisitions.

As a long-term shareholder, Wendel particularly favors certain circumstances, such as:

- control or joint control immediately or in phases;
- a need for a long-term, principal shareholder;
- opportunities for further reinvestment over time to accompany organic or external growth.

1.3.3.2 Acquisitions by Group companies

Growth by acquisition is an integral part of the development model of Wendel Group companies. Our companies made 17 acquisitions in 2019 and all of them plan to achieve a non-negligible share of their growth through acquisitions, focusing on small or medium-sized purchases, which create the most value. Wendel's teams assist Group companies in their search for acquisitions that can create value, in deploying their external growth strategy, and in arranging the required financing.

1.3.3.3 An entrepreneurial model

Wendel believes in the effectiveness of giving management teams a financial interest in value creation. This gives the executives a personal stake in the risks and rewards of these investments.

For listed subsidiaries and associates (Bureau Veritas), these mechanisms consist of stock-option and/or bonus share plans.

For unlisted subsidiaries (Cromology, Stahl, IHS, Constantia Flexibles, Allied Universal, Tsebo and CPI), the participation policy is based on a co-investment mechanism through which executives may make significant personal investments alongside Wendel. These systems are described in section 6.7, notes 4-1 and 4-2 of this Universal Registration Document.

1.3.4 Strategic orientations 2017-2020

1.3.4.1 Investment in high-quality assets

In 2017, Wendel considered that it had the capacity to invest up to €3 billion mainly in unlisted companies with strong profitable growth potential, subject to favorable market conditions.

In light of the Covid-19 public health crisis which began in early 2020 resulting in a drop in economic activity and valuations, Wendel is focusing all of its energy on supporting portfolio companies to help them adapt to this unprecedented situation.

Wendel will continue with the conservative approach which has characterized its activity over the past few years and will be more selective than ever in reviewing potential acquisitions, feeling no pressure to invest.

The other aspects of the Group's goals remain unchanged:

- Develop and crystallize value by pursuing the long-term growth of our portfolio companies and by taking advantage of opportunities to divest, form partnerships, list companies on the stock exchange or reinvest in a disciplined manner if and when this seems attractive;
- In some cases, invest alongside partners who share Wendel's philosophy, as the Group has already done in the past;
- Keep debt under strict control at a level well below €2.5 billion, while maintaining a balance between listed and unlisted stakes in the portfolio;
- Pursue ambitious financial objectives: double-digit average return to shareholders and dividends increasing year after year to the extent possible, combined with regular share repurchases, depending on opportunities. The achievement of these objectives has been thwarted by recent circumstances.

Over the long term, Wendel seeks to offer investors a portfolio of around 10 companies, predominantly unlisted companies. Unlisted assets will represent around 50% of gross assets, with listed assets and cash and cash equivalents accounting for the remaining 50%.

Wendel's roadmap will be revisited when the Executive Board's term is up for renewal.

In 2017, Wendel finalized the acquisition of Tsebo in South Africa for an initial amount of approx. €159 million and also benefited from strong market valuations to sell €1 billion worth of Saint-Gobain shares and 2.8 million Bureau Veritas shares acquired in November 2016 during the market downturn.

In 2018, Wendel benefited from the strong valuation of private markets to rationalize its portfolio of companies and also adjusted its overall exposure to listed markets by selling a significant block of Bureau Veritas shares. Overall, the Group generated €1 billion from divestments in 2018, including the sale of four small portfolio companies, under good conditions. These new resources provided means for Wendel to take advantage of opportunities in the future directly or through the portfolio companies. Wendel did not make an acquisition in 2018 but reinvested €141 million in its portfolio companies. Wendel also deployed additional operational resources to accelerate value creation, including the appointment of two Operating Partners and a Director of IT Strategy and Digital Transformation.

In 2019, Wendel once again imposed a very strict policy on the deployment of its capital. The amount of divestments exceeded the amounts invested by about a quarter: €946 million invested, with the acquisition of about 96% of Crisis Prevention Institute's capital for $569 million invested in equity, participation in Cromology's capital increase of €125 million on the occasion of the renegotiation of its debt. This total also includes the payment of the Bureau Veritas dividend in shares for €87.5 million and the repurchase and cancellation in 2019 of 1,645,338 Wendel shares for €200 million. Divestments totaled €1,156 million, including the sale of approximately 79% of the stake in Allied Universal for proceeds of €721 million, the sale of Saint-Gobain shares since the beginning of January for a total sale price of €468 million, and the sale of PlaYce finalized in February for €32.2 million.

1.3.4.2 Development of Group companies to create value

Wendel will continue to emphasize the long-term growth of its companies, by actively encouraging them to use their resources to make investments that drive organic growth and profitability and by providing support for their external growth operations and the establishment of the best CSR practices.

In 2016, Wendel created a task force under the supervision of the Executive Board to implement a range of actions aimed at ensuring that digital developments are properly taken into account, both for portfolio companies and for Wendel as an organization, so as to enable its companies to step up value creation through digitization.

Regarding the portfolio companies, in late 2016, the Boston Consulting Group (BCG) was tasked with creating a set of methods for assessing the digital maturity of the Group's key companies, methods which can then be used in the context of future due diligences for new acquisitions. In addition, BCG was also asked to identify key risks and opportunities in the digital economy for Group companies, to establish priority action points and, in the context of its assignment, to establish efficient dialog methods in relation to digital subjects for use by Wendel and its subsidiaries and associates. During 2017, the 10 key portfolio companies were the subject of an in-depth study regarding their level of digital maturity, BCG and Wendel having involved in this process both company executives and various members of the investment team in charge of these subsidiaries and associates within Wendel. This joint work led, on the one hand, to the allocation of a Digital Assessment Index for each company, assessing their level of digital development, and to assessments of the risk of disruption within their respective industries, development opportunities and, finally, recommendations for the implementation of operational actions to achieve the optimal integration of digital challenges by these companies.

From Q3 2017 onward, Wendel then went on to launch a similar project aimed at improving its operational efficiency thanks to digital tools. Given the more limited number of employees of the Company, the choice was made to adopt a collaborative working philosophy so as to enable awareness-raising for staff on the opportunities provided by digital tools, while still remaining stakeholders in this change. A co-design workshop was held in September 2017, bringing together 20 employees of all ages, from different positions and from different management levels, in order to raise awareness about the opportunities provided by digital tools. They took part in workshops run by digital specialists and entrepreneurs from within the sector. Co-design workshops were then organized with these 20 employees to establish priorities within the workplace and for improvements within the Company. Key strategies for improvements and areas for development were explored throughout 2018. Measures for the development and deployment of digital tools were implemented involving over one third of employees for the development phase and then the entire workforce for the deployment. The Agile method was selected so as to guarantee solutions which are fit for purpose and to ensure widespread commitment from all employees and rapid adoption. In late March 2019, new digital tools developed and selected jointly by employees were deployed, and the entire company was migrated to collaborative working methods.

Faced with the need to continue these developments and ensure continuity in monitoring the digital maturity of Wendel’s portfolio and of its organization, on February 1, 2019, Wendel hired an IT Strategy and Digital Transformation Director.

In 2019, special efforts were made in the area of cyber risk management and in the continued development of collaborative and digital tools to improve Wendel's operational efficiency. In particular, new transformative digital projects and tools have been launched by the Finance, Human Resources, Internal Audit and Information Systems Departments to improve their operational efficiency. All of these developments have resulted in a renewal of work tools, both hardware and software, and have enabled the implementation of teleworking with great efficiency, particularly in the context of the generalized confinement that began in March 2020.

For nearly a decade, Wendel's Sustainable Development Team and Sustainable Development Steering Committee have also been implementing numerous internal initiatives and constantly improving transparency and reporting. Over the past year, these efforts and Wendel's good reputation have been recognized by external non-financial rating agencies.

On this basis, in 2019, Wendel's Executive Board and Supervisory Board expressed their strong ambition to further develop Wendel's CSR approach as a pillar of strategic development, in line with our values and history. Their vision has been implemented by Wendel teams at all levels with enthusiasm and commitment. These teams have demonstrated their eagerness to lead by example, and their willingness to cultivate relationships of trust with all of our stakeholders. (see Chapter 4).

1.3.4.3 Paying attention to financial structure

Wendel will henceforth operate with net debt of less than €2.5 billion. Wendel has been rated BBB with stable outlook by Standard & Poor’s since January 25, 2019 and Baa2 with stable outlook by Moody’s since September 5, 2018.

1.3.4.4 Creating value for shareholders

For the period between 2017 and 2020, Wendel targeted a double-digit[1] total shareholder return, based on the average share price in the second half of 2016, a consistent year-on-year dividend increase, in accordance with our target average return to shareholders, and to repurchase shares, regularly and depending on opportunities.

Given the COVID-19 health crisis that emerged in early 2020, the subsequent fall in markets and asset valuations, achieving these objectives seems out of reach. For the year 2020, the Group's energies are focused on providing the best possible support to the companies in its portfolio and to come and support them, in a disciplined manner, in their plan to adapt to this unprecedented crisis.

(1) Average total shareholder return over the 2017-2020 period, dividends reinvested.

1.4 Subsidiaries and associated companies

All information regarding the competitive positioning and market shares of our subsidiaries and associates, as well as certain financial information, derives from the companies themselves and has not been verified by Wendel. Comments on company activity are before IFRS 16, unless otherwise stated.

1.4.1 Bureau Veritas

Bureau Veritas pursues its growth and global leadership strategy

Bureau Veritas is the world's second-largest provider of compliance and certification services in the areas of quality, health, safety, environment and social responsibility (QHSE-SR). The Group derives approximately 50% of its sales from high-growth countries.

Bureau Veritas in brief

(fully consolidated company)

Present in 140 countries	>1,500 offices and laboratories	>78,000 employees	400,000 clients
€5,099.7 million in sales in 2019	€831.5 million in adjusted operating income(1)	Stake held by Wendel(2): 35.9% of equity and 51.3% of voting rights	Amount invested(3) by Wendel: €397.3 million since 1995

(1) Bureau Veritas defines "adjusted" operating income as its operating income before revenue and expenses related to acquisitions and other non-recurring items (indicator not recognized under IFRS) after IFRS 16.
(2) Share of equity owned by Wendel as of December 31, 2019 net of treasury shares.
(3) Amount of equity invested by Wendel for the stake held as of December 31, 2019 including scrip dividend in 2019.

Why did we invest in Bureau Veritas?

Bureau Veritas is ideally positioned in markets driven by long-term structural trends. QHSE regulations and standards are proliferating and becoming tougher to meet. Increasingly, certification and inspection activities are being outsourced. Health and environmental protection standards are becoming more stringent. And trade has become global.

Since it was founded in 1828, Bureau Veritas has gradually built up its globally renowned expertise. The market that Bureau Veritas addresses has numerous barriers to entry. Operating certification and approval are mandatory in each country. Service providers must offer a comprehensive range of inspection services (in particular for major clients) and extensive geographical coverage both locally and internationally. They must provide high value-added solutions through first-rate technical expertise and enjoy a reputation of independence and integrity. Wendel has gradually increased its holding in Bureau Veritas. When Wendel made its initial €25 million investment in 1995, obtaining 19% of the share capital, Bureau Veritas generated annual sales of less than €400 million. Wendel then supported the company's growth, until it held 99.2% of the capital in 2004. In 2007 Bureau Veritas was listed on the stock exchange, enabling it to continue its international expansion.

Highlights of 2019

Bureau Veritas' revenue in 2019 amounted to €5,099.7 million, a 6.3% increase compared with 2018.

Organic growth amounted to +4.3%, accelerating slightly during H2 compared to H1 (+4.7% vs +4.0% respectively). Organic growth during Q4 2019 was +5.3%.

Five of the Group's six businesses achieved organic growth of 4.8% on average, notably Agri-Food & Commodities at +6.7%, Industry at +6.2%, Marine & Offshore at +4.9%, Buildings & Infrastructure at +3.2% and Consumer Products at +2.3%. Only Certification sales declined slightly over the year, as expected (-1.5%), although the trend returned to positive territory in the last quarter of 2019 thanks to a dynamic range of new services, particularly those focusing on corporate social and environmental responsibility (CSR).

Net external growth (scope) came to +1.2%, resulting from the contribution of the acquisitions made in 2019, particularly in the Buildings & Infrastructure and Agri-Food businesses, the acquisitions finalized in 2018 and the decline resulting in particular from the sale of the HSE consulting business in the United States. In 2019, Bureau Veritas completed five transactions in different countries to strengthen its geographical presence. These acquisitions representing around €46 million in annualized revenue (or +0.9% of 2019 Group revenue), support two of the five Growth Initiatives. In 2019, Bureau Veritas continued to sell non-strategic businesses. Bureau Veritas finalized the sale of its healthcare, safety and environmental consulting business in North America in June 2019 (HSE Consulting; approximately $30 million in revenue in 2018 and 170 employees). In total, Bureau Veritas disposed of approximately €35 million in revenue and reduced its workforce by 250 full-time equivalents in 2019.

Currency fluctuations had a positive impact of +0.8%, mainly because the appreciation of the US dollar and pegged currencies against the euro was only partially offset by the depreciation of some emerging countries' currencies.

Bureau Veritas' adjusted operating income rose +9.7% to €831.5 million; before the application of IFRS 16, it totaled €818.5 million, an increase of +8.0%. The adjusted operating margin for 2019 is 16.3%, up 50 basis points. Before the application of IFRS 16, the margin increased by 25 basis points to 16.1%, compared to 15.8% in 2018; at constant exchange rates, the margin increased by 20 basis points to 16.0% (of which 13 basis points organic and 7 basis points from scope).

Available cash flow of €617.9 million, a strong improvement of +29.2%

For 2019, operating cash flow improved by +19.7% to €820.4 million, compared to €685.5 million in 2018. Prior to the application of IFRS 16, operating cash flow increased by +3.8%, reaching €711.4 million. This increase is mainly due to the improvement in pre-tax profit. This effect was partially offset by a positive change in working capital requirement of €17.2 million compared to a negative change of €4.1 million in the previous year, as a result of an acceleration of organic growth in Q4 to +5.3%. The Move For Cash program continued to produce positive effects and is now being pursued with organization-wide initiatives.

Dividend

In the current context of a worsening global health crisis, Bureau Veritas continues to make every effort to protect the health of its employees, as well as, as far as possible, that of its customers, suppliers and subcontractors. The Group has adopted business continuity plans throughout the world and has activated teleworking where possible, in strict compliance with local government decisions and World Health Organization guidelines. In this context, and in order to preserve its ability to bounce back quickly after the crisis, Bureau Veritas has chosen to make use of short-time working schemes in France, as well as those that allow certain expenses and tax payments to be deferred.

Under these extraordinary conditions, and in order to comply with the regulatory provisions regarding the moderation of dividends in return for aid, the Board of Directors of Bureau Veritas, meeting on April 3, 2020, decided exceptionally, with the support of Wendel and like many French companies, to not propose the distribution of a dividend at the Annual General Shareholders' Meeting called to approve the financial statements for the 2019 fiscal year on June 26, 2020. This decision was also taken in a spirit of responsibility towards all of the Group's stakeholders who are making efforts or suffering the effects of an unprecedented crisis.

The impact of COVID-19 on the business (information published on March 26, 2020)

Bureau Veritas is carefully monitoring the situation and has taken the appropriate actions to protect the health of its people and, where possible, of its customers, suppliers and subcontractors.

Bureau Veritas is closely monitoring the economic inactivity associated with the Covid-19 outbreak which is having a direct impact on its operations. On February 27, 2020, when Bureau Veritas announced its results for 2019 and at a time when the impact of the virus was limited to its operations in Asia, the Group estimated the impact on revenue to be in the range of €60 to €100 million.

In light of the progression of the epidemic, which was classed as a pandemic by the World Health Organization on March 11, 2020, the impact that was at first primarily concentrated in China (17% of Group revenue, 16,461 employees as of December 31, 2019) is now spreading to other geographical regions.

Given the uncertainty surrounding the health situation, the impact of this crisis on Bureau Veritas' 2020 results is impossible to quantify and Bureau Veritas announced that its initial impact estimate published in February 2019 was no longer valid. Further updates will be provided as and when possible.

It should be noted that the COVID-19 virus epidemic has no impact on the Group's accounting and financial position as of December 31, 2019, as presented in the Bureau Veritas 2019 Universal Registration Document.

Outlook for development

2016-2020 AMBITION

In February 2020, Bureau Veritas announced that the achievement last year of its 2016-2020[1] ambition was no longer relevant in the context in the of COVID-19 crisis.

Bureau Veritas' solid fundamentals remain unchanged and clearly demonstrate the soundness of its strategy. Bureau Veritas will announce its next strategic plan in September 2020, continuing the current successful trajectory.

The Group will uphold its extra-financial commitments for 2020 and in particular aims to:

- Health and Safety: reduce accident rates by 50% (TAR: Total Accident Rate, LTR: Lost Time Rate)[2];
- Inclusion: achieve 25% female representation on the Group's executive management team;
- Environment[3]: reduce CO_2 emissions by 10% per full-time equivalent employee; increase the use of renewable energies by 10%; have 75% of the Group's businesses ISO 14001 certified (environmental management).

As of April 1, 2020, Bureau Veritas has indicated that current developments in the epidemic are threatening the global economy with a systemic crisis. In response, the Group is deploying its best efforts to protect its business activities and ensure continued excellence in the quality of the services it provides to its clients. In these unprecedented circumstances, the 2020 targets are no longer relevant. It is still too early to revise them at this stage.

Sustainable development and non-financial information

CSR (corporate social responsibility) has always been a priority for Bureau Veritas. Indeed, social, environmental and ethical issues are given central importance in all of the company's activities.

As a global leader in QHSE (Quality, Health, Safety, Environment), Bureau Veritas is continuously developing ever more innovative services to meet society's needs. As such, in the face of the major ecological and social challenges of our century, Bureau Veritas is using its expertise to support secure, sustainable development. The company is also committed to promoting diversity, gender equality and basic respect for individuals in the workplace through tangible initiatives. For more information: https://group.bureauveritas.com/fr/groupe/responsabilite-societale-de-lentreprise

In millions of euros	2019 after IFRS 16	2019 before IFRS 16	2018	Δ
Revenue	5,099.7	5,099.7	4,795.5	+6.3%
Adjusted operating income[1]	831.5	818.5	758.0	+9.7%
as a % of net sales	16.3%	16.1%	15.8%	+50 bps
Attributable adjusted net income[2]	451.0	454.5	417.2	+8.1%
Adjusted net financial debt[3]	1,813.3	1,813.3	2,115.1	-14.3%

(1) Bureau Veritas defines "adjusted" operating income as its operating income before revenue and expenses related to acquisitions and other non-recurring items (indicator not recognized under IFRS).
(2) Bureau Veritas defines attributable "adjusted" net income as attributable net income adjusted for other operating expenses net of tax.
(3) Net financial debt as defined in the calculation of bank covenants.

(1) As a reminder, the financial ambition for 2016-2020 was as follows: increase Group sales by €1.5 billion in 2020 (compared to 2015), at the exchange rates used for the original Plan in 2015 as presented at the Journées Investisseurs (Investor Days) in October 2015, half of which was to come from organic growth and the other half from external growth; to achieve organic growth of between 5% and 7% between now and 2020; to achieve an adjusted operating margin higher than 17% in 2020, at the exchange rates used for the original Plan in 2015 as presented at the Journées Investisseurs in October 2015; to continue to generate significant available cash flow.
(2) TAR: total accident rate with and without time off, 0.38 in 2019; LTR: accident rate with time off, 0.23 in 2019. Compared to the 2014 consolidated results.
(3) Compared to the 2015 consolidated results.

Top management

Didier Michaud-Daniel, CEO

François Chabas, Chief Financial Officer

Aldo Cardoso, Chairman of the Board of Directors since March 8, 2017

Wendel's involvement

Board of Directors: André François-Poncet (Vice-Chairman) since January 1, 2018, Jérôme Michiels, Stéphanie Besnier, Claude Ehlinger

Strategy Committee: André François-Poncet (Chairman since January 1, 2018), Stéphanie Besnier

Nomination and Compensation Committee: Claude Ehlinger

Audit and Risk Committee: Jérôme Michiels

For more information, please visit: bureauveritas*.com*

1.4.2 Cromology

Cromology innovates to drive growth

Cromology is a European leader in decorative paints. It has more than 14 brands recognized on their respective national markets.

Cromology in brief

(fully consolidated company)

Approx. 3,300 employees	7 R&D laboratories	Present in 9 European countries	No. 2 in France and Portugal; No. 1 in Italy
€667.8 million in sales in 2019	Adjusted EBITDA(1) of €41.5 million in 2019	Stake held by Wendel: 95.9%	Amount invested(2) by Wendel: €550 million since 2006

(1) EBITDA before goodwill allocation entries, management fees and non-recurring items. Figure before IFRS 16. €72.2 million after IFRS 16.
(2) Cumulative amount of equity invested by Wendel in Materis and Cromology as of December 31, 2019. Injection of €125 million of own funds into Cromology in May 2019.

Why did we invest in Cromology?

In 2006, Wendel acquired the Materis Group, which comprised four divisions: Aluminates (Kerneos), Mortars (ParexGroup), Admixtures (Chryso) and Paints (Materis Paints). In 2014, the Materis Group fully refocused its operations on its Paints business, selling Kerneos in March, ParexGroup in June and Chryso in October of that year for total net sales proceeds of €1.7 billion. On July 7, 2015, Materis Paints, the last Group division, rebranded as Cromology and set its sights on new challenges. The name "Cromology" reflects the Group's desire to embody the common mission of all of its commercial brands, which is to sustainably protect and improve its customers' surroundings with high-quality paints.

On May 13, 2019, Wendel signed an agreement to renegotiate the financial debt of Cromology, successfully capping a process initiated in Q4 2018. End of May, Wendel invested €125 million in equity alongside the new management team. The new equity contributed by Wendel will strengthen Cromology's financial structure, in particular by lightening its debt burden through the early repayment of €75 million in senior debt. The new equity will also enable the company to implement its transformation plan and finance its investments. Wendel and Cromology have obtained significant concessions from the lenders to give the company sufficient latitude to carry out its recovery plan. Specifically, senior debt maturity has been extended to five years, and financial covenants have been eased considerably, with no covenant until March 2022.

Cromology is a European leader in decorative paints, a market valued at over €13 billion (the size of the market on which Cromology operates is €4.5 billion). Present in 9 European countries, Cromology designs, manufactures, sells and distributes a wide range of decorative paint and products to professionals and consumers. 65% of its activity is in France, 25% in Southern Europe and 10% in the rest of the world.

The decorative paint market is mainly driven by home renovations, which makes it a fairly resilient market offering long-term growth. It is generally accepted that a home needs repainting on average every eight years and more often if the occupant changes. This timeframe can be shorter or longer depending on the country's economic activity, household confidence and purchasing power. Cromology's end-customers are both professionals and consumers. They expect product quality and consistency, availability and excellent customer service, which Cromology provides through its brand portfolio offering the best value for money and a dense distribution network ensuring that it remains close to customers. Cromology has strong local brands, some in the top three of each of its markets, such as Tollens and Zolpan in France, Robbialac in Portugal, Max Meyer in Italy and Arcol in Morocco. Another of Cromology's competitive strengths is that it generates 60% of its sales in its integrated distribution network of around 400 stores. This network distributes Cromology products along with a selected range of complementary products, such as tools or floor and wall coverings, to cater to the needs of a broad and diverse customer base. Indeed, 40% of its sales come from independent retailers and from large DIY stores. Cromology is growing as quickly on the thermal insulation market which accounted for around 30% of its business in 2019. Furthermore, Cromology has adopted an aggressive innovation policy over the past decade, notably with the development of eco-certified products: each year, around 25% of its sales have been achieved with products less than three years old.

Highlights of 2019

Cromology posted sales of €667.8 million in 2019, up +0.4% compared to 2018. Over the period, Cromology's organic growth was +0.4%. Changes in scope (primarily explained by the disposal of integrated stores in Italy) had a negative effect of -0.2%, while changes in exchange rates had a positive impact of +0.2% on sales. Cromology's activity is holding up thanks to the performance of its integrated distribution network in France and the dynamism at the international level, particularly in Spain, Morocco and Portugal, but suffers from difficult market conditions mainly in DIY in France.

Cromology's EBITDA totaled €41.5 million, up 43.0% benefiting from a low basis of comparison. The margin stood at 6.2% benefiting from a positive volume effect, and the first effects of the cost reduction program.

In May 2019, Wendel announced a €125 million equity injection in conjunction with the renegotiation of Cromology's debt in order to strengthen its financial structure. Wendel and Cromology have obtained significant concessions from the lenders to give the company sufficient latitude to carry out its recovery plan. Specifically, senior debt maturity has been extended to five years, and financial covenants have been considerably eased. In addition, Cromology's management invested approximately €5 million in 2019. The company’s net debt was €110.6 million as of December 31, 2019.

Update on the impact of COVID-19: Cromology generates 96% of its revenue in Europe (of which 66% in France, 12% in Italy). Operations have adapted to the changing situation in each country by giving top priority to the health of its employees and the proper functioning of its supply chain, under the impetus of management, which has put in place emergency plans at Group level and in each region. While the impact of COVID-19 was limited until mid-March on Cromology's business, the developments of COVID-19 since that date, which have resulted in the partial or total closure of points of sale in Europe, have led to a very significant downturn in Cromology's business.

Outlook for development

The transformation plan and operational restructuring under the leadership of the new management team were presented at Wendel’s Investor Day in November 2019. As seen in 2019, improvements to the sales network and cost optimization have begun to bear fruit. Management aims to increase the EBITDA margin to around 10% in the medium term. This plan is aimed at implementing initiatives to stabilize and improve Group revenue and reduce the cost base, particularly through a new incentive plan for the sales team in France, the overhaul of its pricing policy, renegotiating supplier contracts, reducing the workforce in France and Italy and continuously adapting the Group’s cost structure.

Furthermore, Cromology is developing strong digital innovation to significantly improve service quality and better satisfy its customers.

Sustainable development and non-financial information

The ambition of Cromology and its brands is to help our customers, professionals and individuals, to highlight their technical and aesthetic know-how, thus contributing in a lasting way to everyone’s comfort and well-being. This conviction means that, as a developer, manufacturer and distributor of decorative paints, Cromology is conscious of its responsibility to everyone—internal and external—who works toward sustainable and responsible growth. For more information, see Chapter 4.

In millions of euros	2019 after IFRS 16	2019 before IFRS 16	2018	Δ[2]
Revenue	667.8	667.8	665.1	+0.4%
EBITDA[1]	72.2	41.5	29.0	+43%
as a % of net sales	10.8%	6.2%	4.4%	+180 pdb
Net financial debt	214.1	110.6	250.5	-139.9

(1) EBITDA before goodwill allocation entries, management fees and non-recurring items
(2) Changes calculated before IFRS 16.

Top management

Pierre Pouletty, Chairman

Loïc Derrien, Chief Executive Officer

Philippe Lederman, Chief Financial Officer

Wendel's involvement

Board of Directors: Josselin de Roquemaurel, Caroline Bertin Delacour, Benoît Drillaud, Charles Goulet, Jérôme Richard

Compensation Committee: Josselin de Roquemaurel (Chairman), Caroline Bertin Delacour, Charles Goulet

Audit Committee: Benoît Drillaud (Chairman), Caroline Bertin Delacour, Charles Goulet, Claude de Raismes

For more information, please visit: *Cromology.com*

1.4.3 Stahl

(fully consolidated company)

A global Group with a strong presence in emerging economies

Stahl is the global leader in the specialty chemical treatment of leather, as well as associated services. Stahl also produces polymers and high-performance coatings for various materials such as textiles, paper, plastic, rubber and wood. Stahl offers a wide range of solutions to the automotive, shoe, apparel & accessories and home interior sectors, and for industrial applications.

Stahl in brief

Physically present in 24 countries	35 laboratories and 11 production sites	Around 2,000 employees, of whom 600 "Golden Hands"	No. 1 worldwide in specialty leather chemicals
€808.7 million in sales in 2019	Adjusted EBITDA(1) of €180.0 million in 2019	Stake(2) held by Wendel: 67.5%	Amount invested(2) by Wendel: €221 million since 2006

(1) Adjusted EBITDA before goodwill allocation entries, management fees and non-recurring items. €180.0m before IFRS 16. €183.0m after IFRS 16.
(2) Amount of equity invested by Wendel as of December 31, 2019, for the stake held at that date.

Why did we invest in Stahl?

Stahl is the world leader in specialty chemicals and services for leather surfaces and is capturing large market shares in niche applications for high-performance chemical coatings on other substrates. It enjoys high barriers to entry as a result of its expertise, the long-term relationships it maintains with its principal customers, which include major luxury and high-end car brands, as well as the very high level of skills of its "golden hands" technicians. Stahl has prospects for sustained growth generated by global leather consumption markets, in Asia in particular, and the development of fast-growing niche markets for high-performance coatings. The potential consolidation in the sector we identified in 2006, combined with rigorous financial discipline, has allowed Stahl to expand further and strengthen its market leadership. It derives 65% of its sales from high growth regions. Since its initial investment of €171 million in Stahl in 2006, Wendel has received €341 million in dividends and loan repayments, owing in particular to Stahl's very strong cash generation. At end-2018, Wendel announced the acquisition of 4.8% of the capital of Stahl from Clariant for €50 million, bringing its total investment in the Company to €221 million.

Highlights of 2019

Stahl's sales totaled €808.7 million over the year, representing a decrease of 6.6% vs. €866.9 million of sales in 2018.

In 2019, Stahl was impacted by the overall macroeconomic weakness in China linked to GDP slowdown, trade war and the downturn in global industrial production, which appears to have affected the wider chemicals sector. Challenging market conditions in the automotive segments and shoe industry weighed notably on Leather Chemicals with a double-digit decline in volumes and, to a lesser extent, on Performance Coatings. Lower volumes were partially compensated by a positive change in price/mix, translating into a negative 7.8% organic sales growth. Foreign exchange rate fluctuations had a slightly favorable impact (+1.1%).

Despite this challenging context and thanks to its strong management focus and resilient business model, Stahl quickly adjusted its fixed cost base to market conditions. Profitability was further supported by synergies associated with the acquisition of BASF Leather Chemicals, such that EBITDA for the year totaled €180.0 million, translating into a margin of 22.2% (down a moderate 40 bps year-on-year).

As of December 31, 2019, Stahl's net debt was €346.8 million down €69.1 million from a year earlier. Leverage was reported as 1.9x EBITDA at the end of 2019, thanks to Stahl's strong cash generation capacity.

COVID-19 update: Stahl is carefully monitoring the economic slowdown associated with the virus outbreak and its direct impact on its operations. Initially geographies affected were China, South Korea and Italy, representing c.30% of sales. The impact on the first quarter is limited and mainly relates to China, where production has been restarting progressively since mid-February. However, the situation has deteriorated since then as containment measures are impacting the Group's customers in many countries. The company is making the best efforts to manage this exceptional situation on its production, supply chain and commercial activities, and takes the appropriate actions to protect its employees' health and safety.

Outlook for development

Amid a still-volatile global economy, Stahl will continue to target organic growth and increased market share while taking all necessary steps to protect its profitability and cash generation. To do so, it will focus on ongoing product innovation, while stepping up marketing efforts and capitalizing on the positions it has established in high-growth regions. Stahl also intends to continue to develop service-oriented made-to-order solutions to its clients and develop solutions for numerous substrates, in order to expand its scope of business and gain further market share. The Group will continue to capitalize on its strengths, which are its innovation capabilities (innovative environmentally-friendly solutions and customized technologies), its strong position with main clients, exposure to emerging markets and active cost and cash flow management (strict financial discipline and value-adding investments).

Despite recent difficult performances, Stahl's businesses continue to be driven by powerful long-term trends. Its markets are gradually shifting to the emerging market countries, notably in Asia, and increased environmental regulations are beneficial; the Company is ahead of legislation and has the only compliant end-to-end solution set for its markets. The trend towards bio-based chemicals continues to develop, where Stahl is the market leader with a solid bio-based chemistry portfolio.

Sustainable development and non-financial information

Through its continuous improvement culture, Stahl ensures that the impact of its activities on the surrounding ecosystems is limited. Stahl's strategy is to promote greater transparency throughout the whole supply chain, leading to a more sustainable industry and a progressively lower environmental footprint. Sustainability also represents a significant opportunity for Stahl, to gain competitive advantage in the marketplace and drive operational excellence throughout the Company. For more information, see Chapter 4.

In millions of euros	2019 after IFRS 16	2019 before IFRS 16	2018	Δ[(2)]
Revenue	808.7	808.7	866.9	-6.6%-
EBITDA[(1)]	183.0	180.0	196.8	-8.5%-
as a % of net sales	22.6%	22.2%	22.6%	-40 bps-
Net financial debt	364.4	346.8	415.8	-69.1-

(1) Adjusted EBITDA before goodwill allocation entries, management fees and non-recurring items.
(2) Changes calculated before IFRS 16.

Top management

Huub van Beijeren, CEO

Frank Sonnemans, CFO

Wendel's involvement

Board of Directors: Claude Ehlinger (Chairman), Félicie Thion de la Chaume, Bruno Fritsch, Jérôme Michiels

Compensation Committee: Félicie Thion de la Chaume (Chairman), Claude Ehlinger

Audit Committee: Félicie Thion de la Chaume, Claude Ehlinger, Jérôme Michiels

For more information, please visit: *Stahl.com*

1.4.4 IHS Towers

IHS , one of the largest independent multinational TowerCos globally

IHS is one of the largest independent owners, managers and operators of telecommunications towers in the world. It is also a leader in the EMEA zone in numbers of towers. The Group builds, leases and manages telecommunications towers that it owns or that are owned by others. With approximately 28,000 towers, IHS supports the leading mobile phone operators in each of its markets and is well-placed for future organic growth given the strong demand for infrastructure needs across Africa, the Middle East and Latin America.

IHS in brief

(equity-method investment)

Present in 9 countries [(1)]	27,975 towers [(1)]	#1 in Africa	#4 independent TowerCo in the world
$1,231.1 million in sales in 2019	Approx. 2,000 employees	Stake held by Wendel[(2)]: 21.3%	Amount[(2)] invested by Wendel: $830 million since 2013

(1) Tower count excluding managed services and WIP pro forma of Kuwait and CSS acquisitions (closed in 2020).
(2) Amount of equity invested by Wendel as of December 31, 2019, for the stake held at that date. Effective ownership of 19.2% dilutive effect of profit-sharing mechanism.

Why did we invest in IHS?

IHS is a leading provider of passive telecom tower infrastructure for mobile phone operators. Over the last 19 years, the Group has successfully developed along the entire telecom tower value chain, from construction to leasing *via* maintenance. It provides market-leading service to its customers, who are among the leading telecom operators such as Airtel, MTN, Orange, and 9mobile.

With its investment in IHS, Wendel made its first direct investment in Africa, thereby demonstrating its intention, at this time, to gain exposure to the rapid growth the continent is experiencing and to participate therein. Wendel has chosen a company whose positive momentum is expressed in its projects, its high-quality management and its outlook for balanced and profitable growth in several important and promising African nations, especially in Nigeria which represents about 75% of Group revenue. IHS's business is being buoyed by long-term trends that make Africa a strong growth region for telecom infrastructure:

- Growth potential is higher than in mature economies, both in terms of GDP and demographics. In Sub-Saharan Africa, GDP has grown by 5% p.a. on average over the last fifteen years and the continent's population is young, with a growing middle class;
- The telecom market in Africa is expanding steadily, driven by a continuous rise in the number of subscribers, expected to increase by an average of 5% p.a. between 2018 and 2025, and by an increase in the smartphone penetration rate, which at 40% at the end of 2018 is one of the lowest in the world; and is expected to raise to 66% in 2025;
- Telecom operators need to extend their network coverage on a continent whose population density is low. This situation favors the sharing model for telecom towers. The need for new towers in Africa is estimated at around 170,000 units over the next few years, which would bring the total to 350,000;
- Regulations are encouraging sharing of tower space so as to rapidly increase the coverage of telecom networks;
- New mobile internet services (3G and 4G deployment) are constantly being rolled out. In 2018, there were about 240 million mobile Internet users in Africa. This figure is expected to double by 2025.

In this promising context, fundamentals specific to IHS will enable it to achieve high growth rates in the coming years:

- As they focus increasingly on the services they provide to customers and less on infrastructure, mobile telephone operators are externalizing the management of their telecom towers. IHS offers these operators turnkey services enabling them to cover the regions they target and benefit from excellent quality services;

- Historically, IHS's success has been based on experience, specialized knowledge and the excellence of its engineers at the operating level. These qualities enable IHS to consistently deliver a high level of service to its customers. IHS's key performance indicators exceed those of its competitors and the Company has a reputation as an innovator in the industry. This leads both to improved margins and better customer service;
- Its business model is resilient, based on contracts with mobile phone operators generating lease payments indexed mostly to the US dollar or inflation negotiated over periods of 10 to 15 years;
- Most counterparties have a very sound financial condition; its multicultural and entrepreneurial management team have extensive experience in the African and worldwide telecom markets. IHS's founders still manage the Company.

These advantages should enable IHS to continue growing at a sustained pace. It will be able to increase its installed base of towers in the countries where it is already present and acquire passive networks in other countries offering attractive economic and demographic prospects.

Highlights of 2019

IHS sales for 2019 totaled $1,231.1 million, up 5.4% versus the prior year, with growth in all countries. Organic growth stands at +7.5%, driven by new lease amendments (such as 3G and 4G upgrades), new tenants, and the increase in the total number of owned and managed towers (24,0761 as of December 31, 2019, up +0.9% year-on-year) and price escalation mechanisms. The changes in local exchange rates to the U.S. dollar had a negative impact of 2.1% over total revenues. Revenue for the year ended December 31, 2018 also benefited from $38.5 million of revenue resulting from reaching an agreement with a customer on the application of certain contractual terms, which permitted the recognition of revenues in the current year for services provided in prior years.

The Point-of-Presence lease-up rate increased to 1.56x while the technology tenancy ratio increased to 2.58x.

IHS continued the successful development and rationalization of its installed base of towers. The company also maintained a tight operating cost control policy and lower capital expenditure since the start of the year. EBIT for the year increased by 11.2% to $276.0m (vs. $248.3m in 2018), representing a margin of 22.4%. The slower growth of the recurring EBIT in H2 can be explained by the aforementioned one-off settlements received by IHS in 2018.

With regards to external growth, in February 2020, IHS completed the acquisitions of c. 1,600 towers from Zain in Kuwait and c. 2,300 towers from Cell Site Solutions in Brazil, Peru and Columbia.

As of December 31, 2019, IHS's net debt was $1,157 million. Taking into account aforementioned acquisitions closed in February 2020, pro forma net debt, before IFRS 16, would amount to $1,742 million.

Update on the impact of COVID-19:

IHS was only marginally affected, in terms of its business, by the COVID-19 epidemic in the first three months of 2020. IHS's priority is the health and safety of its employees and the supply chain with very little impact to date. Nevertheless, the macroeconomic environment, particularly in Nigeria, is impacted by the drop in oil prices following the effects of COVID-19. As a result, Nigeria has recently devalued its currency, the Naira. IHS is monitoring the situation very closely and has started implementing several operational and financial mitigation measures.

$830 million invested by Wendel

To support IHS's pan-African growth strategy, Wendel invested $826 million between 2013 and 2016, by participating in five capital increases alongside IHS's shareholders, who are primarily major financial institutions active in economic development and top-tier private equity companies. In 2019, Wendel exercised warrants in IHS that were issued in 2012 for a net value of $4 million.

Among the shareholders are Emerging Capital Partners, a leader in private equity in Africa with more than 60 investments since 1997, International Finance Corporation (IFC), part of the World Bank Group, FMO, the Netherlands development bank, and Investec Asset Management, one of the largest investors in listed and unlisted companies in Africa. In 2014, new investors chose to support the growth of IHS, in particular Goldman Sachs, IFC Global Infrastructure Fund, African Infrastructure Investment Managers (Old Mutual and previously Macquarie), and the Singapore and Korean sovereign wealth funds GIC and KIC.

In addition, Wendel has brought together five US and European family investors (incl. FFP, Sofina, ERES and Luxempart) to invest alongside it in IHS. In addition to the $830 million it has invested, Wendel has thus far raised an additional $220 million through an IHS co-investment vehicle that Wendel manages and whose voting rights Wendel exercises.

On February 1, 2017, MTN Group ("MTN") finalized the exchange of its 51% stake in Nigeria Tower InterCo B.V, the operating holding company of INT Towers Limited, which manages more than 9,000 towers in Nigeria, for an additional direct stake in IHS Holding Limited ("IHS"). As a result of this transaction MTN's economic interest in IHS Group increased from around 15% to around 29%. To preserve IHS' independence, MTN's voting rights, representation and access to information on IHS will remain limited.

Following this simplification of IHS' capital structure, Wendel holds 21.3%[1] of the share capital of IHS directly and remains IHS' largest shareholder in voting rights with unchanged governance rights as a minority shareholder.

Sustainable development and non-financial information

The purpose of IHS Towers is to have a positive impact on communities in the countries where it operates, helping to improve the quality and availability of telecom infrastructure in an increasingly connected world. Its investments in telecoms towers help to connect individuals, businesses and governments. With increased connectivity of individuals, opportunities for expansion are increasing. The impact of IHS Towers goes beyond the benefits of connectivity, in particular through the four pillars of its sustainable development strategy: Education and Economic Growth, Ethics and Governance, Employees and Communities and Environment and Climate Change. For more information: *https://www.ihstowers.com/sustainability/*

In millions of US dollars	2019 after IFRS 16	2019[1] avant IFRS 16	2018	Δ[2]
Revenue	1,231.1	1,231.1	1,168	+5.4%
EBIT[1]	284.1	276.0	248.3	+11.2%
as a % of net sales	23.1%	22.4%	21.3%	+110 bps
Net financial debt	1,341.6	1,157.1	1,212.3	-55.2

(1) As per Wendel's definition, EBIT excluding non-recurring items.
(2) Changes calculated before IFRS 16

Top management

Sam Darwish, Executive Chairman, CEO and founder

Adam Walker, Group CFO

Wendel's involvement

Board of Directors of IHS Holding: David Darmon, Stéphane Heuzé.

Audit Committee: Stéphane Heuzé

Compensation Committee: David Darmon

Appointments Committee: David Darmon

For more information, please visit: ihstowers.com

(1) Amount of equity invested by Wendel as of December 31, 2019, for the stake held at that date. Effective ownership of 19.2% dilutive effect of profit-sharing mechanism

1.4.5 Constantia Flexibles

Constantia Flexibles expands its international footprint to serve its global clients

Constantia Flexibles is a global leader in flexible packaging. The Group produces flexible packaging solutions for the consumer and pharmaceutical industries.

Constantia Flexibles in brief

(fully consolidated company)

No. 2 in Europe, No. 3 worldwide	c. 8,800 employees		36 manufacturing sites in 16 countries
€1,534,3 million in sales in 2019	EBITDA of €176.8 million in 2019[1]	Stake held by Wendel: 60.6%	Amount invested by Wendel[2]: €565 million since March 2015

(1) Adjusted EBITDA before goodwill allocation entries, management fees and non-recurring items. €176.8m before IFRS 16. €186.1m after IFRS 16.
(2) Amount of equity invested by Wendel as of December 31, 2019, for the stake held at that date.

Why did we invest in Constantia Flexibles?

Founded by Herbert Turnauer in the 1960s, the Vienna-based Constantia Flexibles Group produces flexible packaging solutions, for the consumer and pharmaceutical industries. Constantia Flexibles has successfully developed its activities outside Europe and, over the last five years, has become a global leader in flexible packaging. The Group now has c. 8,800 employees in 22 countries.

The flexible packaging market for fast moving consumer goods, in which Constantia Flexibles operates, offers a combination of stability and growth. The business of Constantia Flexibles is largely independent of economic cycles because the Group caters to the daily needs of end-consumers. In addition, there are long-term megatrends supporting the growth of the flexible packaging market, such as urbanization and the increased consumption of single portions, tied in with the decreasing size of households and the development of the middle classes, especially in emerging markets. For several years, this market's growth has outpaced that of the economy in GDP terms, whether in developed or emerging countries.

In this fast-growing resilient but highly fragmented market, Constantia Flexibles has definite competitive advantages enabling it to play a decisive role in the consolidation of the flexible packaging industry and offering long-term growth potential, such as:

- the Group's long-standing relationships with major global customers;
- the size of the Group, enabling Constantia Flexibles to harness economies of scale;
- the Group's technological edge, ability to innovate, sustainability solutions and robust manufacturing facilities;
- the ability of Constantia Flexibles to pursue an external growth strategy, as demonstrated by the nine acquisitions carried out since 2010, including four in emerging markets. The acquired companies have aggregate sales in the region of €700 million.

On March 27, 2015, Wendel announced it had finalized the acquisition of Constantia Flexibles for an enterprise value of €2.3 billion, or around 9x 2014 EBITDA, and had invested €640 million in equity for a 73% stake in the Company, alongside the AREPO Foundation's €240 million, 27% investment. Subsequently, on September 22, 2015, Wendel signed an agreement with Maxburg Capital Partners ("MCP"), an investment company backed by the RAG Foundation, to syndicate a minority share of its investment in Constantia Flexibles. Accordingly, in November 2015, MCP acquired approximately 11% of the capital of Constantia Flexibles from Wendel for €101 million.

Following this transaction, Wendel, the AREPO Foundation and MCP participated in a €50 million capital increase for Constantia Flexibles, each subscribing to a pro-rata stake, to finance the acquisitions of Afripack and Pemara.

Following the capital increase and MCP's entry into the capital of Constantia Flexibles, Wendel's equity investment in Constantia Flexibles totaled €565 million. Wendel is the Company's controlling shareholder, with 60.6% of the share capital.

Consumer

The Consumer division represents around 80% of the sales of Constantia Flexibles. It encompasses a vast array of products to serve market segments ranging from dairy to confectionery *via* ready-made meals, as well as pet food. Because the products in this division cater to the daily needs of a global population, this business is largely independent of economic cycles. In addition, demand for flexible packaging in the consumer market is rising, in response to an increasing global population, urbanization and higher environmental standards.

Constantia Flexibles supplies the consumer industry with consumer packaging solutions made of aluminum and various types of film. They include lids for dairy products; aluminum foil wrappings for butter and cheese; confectionery packaging; pouches for dried soups, sauces and ready-made meals; single-serve coffee capsules and light aluminum packaging systems also used for pet food.

This division of Constantia Flexibles is a global leader in several of its market segments (confectionery packaging and lidding) and serves consumer industry giants such as Nestlé, Unilever, Mars, and Pepsico.

Pharma

Constantia Flexibles produces different packaging solutions for the pharmaceutical industry ranging from traditional aluminum foil blister packs to innovative packaging systems for new types of drug delivery (flexible sticks, inhalers, etc.) to sachets for powders and granules.

The pharmaceutical industry generates around 20% of the Group's sales, and Constantia Flexibles is the second-largest manufacturer of foil-based blister packs for medication.

Global demand for flexible packaging from the pharmaceutical industry is supported by three main growth drivers:

- higher life expectancies in developed markets and a corresponding rise in chronic diseases;
- the development of health systems in emerging economies; and
- the expanding liberalization of the sale of medication, which is accelerating the trend toward self-medication.

Furthermore, demand for innovative packaging solutions is buoyed by the strong competition between manufacturers of traditional medication and manufacturers of generic medication. Traditional laboratories are aggressively offering novel drug delivery forms, in order to maintain their technological edge and market share.

Highlights of 2019

Constantia Flexibles' sales were at €1,534.3 million in 2019, down 0.3% of which -2.4% organically. Fluctuations in exchange rates had a slightly positive impact of 0.7%, driven predominantly by the U.S. dollar and the Indian rupee. The consolidation of the Indian company Creative Polypack and the Russian company Constantia TT contributed positively to growth, with a scope effect of 1.4%. The Consumer division (c.80% of sales) experienced a decline in revenues mostly due to a challenging competitive environment, in addition to temporary negative effects that should recover in the medium term. The Pharma division (c. 20% of sales) faced a strong comparative period and was also exposed to the adverse impact of lower volumes induced by weaker demand and difficulties experienced in certain emerging markets.

Constantia Flexibles' 2019 EBITDA was €176.8 million, representing a 60-bps year-on-year decrease in margin to 11.5%. As in the first half of 2019, lower volumes combined with the time lag in passing raw material price increases to customers had a negative impact on profitability, which were not offset by the additional cost containment measures taken in Q2. As a result, the combined effect of a challenging topline environment and costs inflation negatively impacted profitability in 2019.

In early July 2019, Constantia Flexibles completed the sale of its shares in Multi-Color Corporation, for €147.7m. Moreover, in the first half of 2019, Constantia Flexibles completed the acquisition of 100% control of Oai Hung Co. for €46.1 million and ended the litigation relating to the buyback of stock from former minority shareholders. As a result, €50.1 million was paid to the minority shareholders, along with a reasonable reimbursement for legal costs incurred by the minority shareholders involved in the proceedings. In September 2019, Constantia Flexibles completed the acquisition of a majority stake in the Russian group of companies TT-Print. Now known as Constantia TT, the plant in Voskresensk mainly produces packaging for the pharmaceutical industry. In 2018, it recorded sales of €8.5 million. This acquisition has been consolidated since September 1, 2019.

2020 will focus on the roll-out of its EcoLam sustainable technology, boost organic growth and further cost reductions should be implemented to preserve margins.

As of December 31, 2019, Constantia Flexibles' net debt was €362.6million (vs. €452.7 million in 2018), i.e., 2.0x EBITDA. This decrease in net debt was driven by to the improving cash generation trend in 2019 and also reflected the one-time effect from the sale of the MCC shares.

COVID-19 update:

Constantia Flexibles products have been classified « essential supply » for food, hygiene and healthcare products with priority cross-border transit in most countries. The customer demand in the first quarter has been robust, and has to date not been negatively affected by the various lockdowns implemented by the authorities. While so far, the majority of its plants continue to operate, Constantia is facing in some countries some operational challenges, notably related to access to labor, materials and logistic services.

Outlook for development

Constantia Flexibles will pursue 3 priorities as part of its Value Creation Program

- Accelerating the commercial development of the EcoLam technology (recycable monomaterial plastic solution)
- Boosting organic growth both in Pharma and Consumer business with focus on most profitable and growing markets
- Further implementing both short and mid-term cost reduction measures to preserve margins and cash generation

Sustainable development and non-financial information

Integrating Corporate Social Responsibility (CSR) commitments in respect for the environment into its business activities, Constantia Flexibles pays particular attention to continual improvements in the consumption of raw materials, which are essentially aluminum, plastics, paper, and chemicals like inks and solvents. Already in 2018, Constantia Flexibles pledged that 100% of its packaging solutions will be recyclable by 2025 and has set an absolute GHG emission reduction target in accordance with climate science. Accordingly Constantia Flexibles uses appropriate procedures to monitor the possible impact of its products on the environment, in particular by performing life cycle assessments.

Constantia Flexibles understands the value of initiatives supportive of sustainable improvements of its products as a great opportunity to accelerate success factors by building up for long-term relationships with our key stakeholders. Constantia Flexibles' ambition is to supply flexible, superior packaging solutions that improve people's daily lives. This priority takes the form of global initiatives implemented by the Group which far surpass legal requirements. For more information, see Chapter 4.

In millions of euros	2019 after IFRS 16	2019 before IFRS 16	2018	Δ[2]
Revenue	1,534.3	1,534.3	1,538.3	-0.3%
EBITDA[1]	186.1	176.8	186.5	-5.2%
as a % of net sales	12.1%	11.5%	12.1%	-60 bps
Net financial debt	396.2	362.6	452.7	-90.1

(1) Adjusted EBITDA before goodwill allocation entries, management fees and non-recurring items.
(2) Changes calculated before IFRS 16.

Top management

Alexander Baumgartner, CEO

Tanja Dreilich, CFO

Wendel's involvement

Supervisory Board: Josselin de Roquemaurel, Seif Khoufi, Jérôme Richard

Nomination and Compensation Committee: Josselin de Roquemaurel, Seif Khoufi

Audit Committee: Josselin de Roquemaurel

For more information, please visit: cflex.com

1.4.6 Tsebo

Tsebo solutions Group, the pan-African leader in corporate services

Tsebo is a pan-African company with around 40,000 employees in 27 countries and offering a wide array of high value-added, state-of-the-art workplace solutions to its clients, including facilities management, catering, cleaning, hygiene, security, energy, procurement and remote camp management. Tsebo's clients outsource the management of these critical operations to Tsebo's seasoned professionals, enabling them to concentrate on their core business.

Tsebo in brief

(fully consolidated company)

Present in 27 countries in Africa	c. 40,000 employees	7,500 client sites across various industries	Homegrown African leader in services to corporates
$505.7 million in sales in 2019	EBITDA: $25.4 million in 2019	Stake held by Wendel: 63.8%(1)	Amount invested by Wendel: €158 million since January 2017(2)

(1) Amount of equity invested by Wendel as of December 31, 2019, for the stake held at that date.
(2) EUR/ZAR = 14.4955 as of January 31, 2017

Why did we invest in Tsebo?

Founded in 1971 in Johannesburg (South Africa), Tsebo has developed into a pan-African enterprise. As market leader, Tsebo now offers workplace solutions in Facilities Management, Remote Camps, Catering, Cleaning, Hygiene, Security, Energy and Procurement. This extensive range of hard, soft and infrastructure management services are enjoyed by over 7,500 client sites across many sectors including financial services, manufacturing, mining, leisure, energy, environment, retail as well as universities and other public services.

Tsebo's clients have found significant benefits in entrusting their non-core functions to its experienced professionals. Tsebo delivers improved value, consistent innovation and continuous efficiency to clients in all economic sectors. Underpinning Tsebo's successful business model is a constant and robust dedication to sustainable development and equal opportunity employment. Tsebo is widely recognized as one of Africa's most progressive corporate entities for its involvement in sustainable development and social commitment and for its actions encouraging the continuous growth of its human capital, its business, its industry and society. In 1995, Tsebo won the Black Management Forum's Most Progressive Company Award. Empowerment is part of its DNA and is weaved into its business model, business processes, cultural values and business strategy. It was the first organization of its size to achieve "excellent" Black Economic Empowerment (BEE) accreditation through Empowerdex.

Today, Tsebo is among the highest-rated large employers on the South African DTI's generic B-BBEE scorecard.

Tsebo responds to the growing need of African companies and international corporations operating in Africa to outsource non-strategic – yet essential – activities outside of their expertise, in order to focus on their core business. Tsebo has 48 years of success in delivering international quality standards to a diversified client base, in 27 countries. The Company is in line with Wendel's strategy in Africa, with a strong potential for growing organically and a platform for further growth through acquisitions. Tsebo enjoys a diversified and resilient business model and generates strong cash flows.

A wide range of services

Tsebo provides its clients with a wide range of services throughout Africa, using best-in-class global quality standards combined with its deep African expertise. Tsebo covers its customers' potential needs with mastered and transparent costs, *via* eight business units:

Facilities Management includes:

- technical services: maintenance of buildings, lifts and escalators, heating ventilation and air conditioning systems and plumbing and electrical systems, and provision of construction and cabling services;
- soft services: provision and management of furnishings, interiors, parking, waste, storage, as well as space planning services;
- business support services: provision of Occupational Health and Safety, asset management, document management, procurement, switchboard, reception, printing and stationery needs.

Catering: Tsebo is the largest caterer in Africa and its segmented offering is designed to meet the needs of all industries and institutions.

Tsebo facilitates its clients' expansion through its Remote **Camp Management** business, which provides full turnkey establishment and management of remote camps in isolated locations across Africa.

Hygiene provides sanitation equipment that ensures the highest standard of cleanliness in the workplace and **Cleaning** provides high quality cleaning services that support the health of employees, clients and workspaces.

Tsebo provides manned guarding and access control, using both technology and human capital to ensure the safety of employees and clients in all environments, through its **Security Services** unit.

Tsebo also provides **Energy Management,** technology-based solutions that reduce electricity and water consumption, lessening dependence on the grid. The third-party Procurement business manages vendors, ensuring lower cost and a consistent supply of materials.

Highlights of 2019

Tsebo's 2019 sales totaled $505.7 million, down -4.6% on an organic basis. The difficult macroeconomic situation in South Africa (the country entered recession in the fourth quarter of 2019, while GDP fell by 1.4%) has led to a depressed business climate which has weighed on both businesses and consumers. This has taken the form of increased competition between local players, exacerbating pressure on organic growth and margins.

In order to strengthen its financial structure, Tsebo plans to dispose of ATS (remote camp management excluding South Africa). According to IFRS 5 rules, this potential disposal would result in a restatement of $80.9 million, contributing to an 18.1% reduction in reported sales.

External growth is up +7.6%, driven by the consolidation of Servcor in 2018 and Compass in Egypt, in 2019. Unfavorable exchange rate fluctuations, in particular the weakening of the South African rand against the U.S. dollar, had an impact of -5.7%.

In late 2019, a major South African client did not renew its contract with Tsebo, which is due to expire in April 2020.

Tsebo's profitability was down over the period: EBITDA reached $25.4 million, down 34.9% on the 2018 fiscal year, and the margin fell to 5.0% (compared with 6.3% the previous year). Tsebo took significant restructuring measures in the second half of 2019.

At December 31, 2019, Tsebo's net debt totaled $118.7 million. As part of the initial investment in Tsebo Group's South African entities by an investor meeting the criteria set by local B-BBEE regulations ("Broad-Based Black Economic Empowerment" business incentive program to support the economic development of black people in South Africa), Wendel guaranteed the repayment obligations relating to acquisition financing contracted by this investor, thereby helping maintain Tsebo's "B-BBEE level 1" rating. This guarantee from Wendel represented, at December 31, 2019 a total guaranteed amount of about ZAR 431 million (€27 million), with it being specified that in the case of the guarantee being invoked against Wendel, the latter will be able to call on Capital Group to bear the percentage of the cost corresponding to its stake in Tsebo. This guarantee may be called if Tsebo's share capital is restructured. In accordance with accounting rules, there was a provision in the accounts for this guarantee.

In order to strengthen the company's financial structure, support its recovery plan and fund the acquisition of Compass in Egypt, in the first half of 2019 Wendel injected $12.1 million and in December 2019 $5.7 million. In addition, Tsebo has entered into discussions with its creditors concerning the follow-up of its financial structure problems resulting from the non-respect of its banking commitments and its liquidity needs.

Update on the impact of COVID-19: On March 27, 2020, South Africa put in place strict national containment measures, significantly reducing Tsebo's business activity. These measures are likely to affect the financial health of the company and to have a negative impact on the ongoing discussions aimed at finding a consensual solution to Tsebo's financial difficulties. Tsebo is monitoring this very worrying situation closely and has implemented emergency measures to safeguard the safety of its staff and clients.

Sustainable development and non-financial information

Tsebo is convinced that the sustainable growth of the business depends on the quality of its Corporate governance, the professional development and engagement of its employees, proactive management of risks and sound partnerships that are built with customers and local communities. Tsebo has adopted an environmental policy and a range of good practices in terms of waste management, the use of chemical products, food waste etc. For more information, see Chapter 4.

In millions of US dollars	2019 after IFRS 16	2019 before IFRS 16	2018	Δ[2]
Revenue	505.7	505.7	617.8	-18.1%
EBITDA[1]	28.6	25.4	39.0	-34.9%
as a % of net sales	5.7%	5.0%	6.3%	-130 bps
Net financial debt	126.3	118.7	118.6	+0.9

(1) Before restating goodwill allocation entries, non-recurring items and management fees.
(2) Changes before IFRS 16 for 2019.

Top management

Chris Jardine, Tim Walters, CEOs

Wendel's involvement

Board of Directors: Stéphane Heuzé, Benoît Drillaud, Bruno Fritsch, Claude Kamga

Audit Committee: Benoît Drillaud, Claude Kamga

For more information, please visit: *tsebo.com*

1.4.7 Crisis Prevention Institute

Crisis Prevention Institute, a provider of training solutions, consultancy and assistance, is improving support, safety, trust and compliance for all in the workplace.

Crisis Prevention Institute, "CPI," is the US leader in crisis prevention and aggressive behavior management training programs. For 40 years, CPI has been providing crisis prevention and intervention training programs to help professionals anticipate and respond to anxious, hostile and violent behaviors with safe and effective methods. The training programs have proven effective in reducing the frequency and impact of incidents resulting from aggressive behavior in the workplace. They boost the confidence of professionals, assist clients in complying with regulatory obligations and create a safer environment for employees and the community at large.

CPI in brief

(fully consolidated company from 2020. The 2019 figures reflect US GAAP principles)

Offices in three countries which organize training in some 17 countries	Over 9,000 clients and an installed base of over 39,000 "Certified Instructors" who train over 1.4 million people each year.	325 employees	US market leader
$87.7 million in sales in 2019[1]	Adjusted[2] EBITDA[1] of $38.9 million in 2019	Stake[3] held by Wendel: around 96%	Amount[3] invested by Wendel: $569 million in December 2019

(1) US GAAP figures. Reported sales in 2019 suffered the adverse effect of a new US GAAP accounting principle. On a like-for-like basis, sales and EBITDA would have been up 10.2% and 12.8% respectively.
(2) EBITDA adjusted for US GAPP before goodwill allocation entries, management fees and non-recurring items.
(3) Amount of equity invested by Wendel as of December 31, 2019, for the stake held at that date.

About CPI

On December 23, 2019, Wendel announced that it had finalized the acquisition of the Crisis Prevention Institute (CPI). CPI, which is headquartered in Milwaukee, in Wisconsin, has been the US leader in behavior management and crisis prevention training for 40 years. CPI specializes in "train the trainers" programs. These programs teach and certify individuals to instruct staff at their organizations to assess, manage, and safely resolve instances of high-risk, disruptive, aggressive or high-risk behavior in the workplace. After taking a course, these employees of CPI clients become Certified Instructors (CI). They then train their colleagues with a view to issuing them with CPI's Blue Card™ certification at the end of their program.

The company's main clients are those in the fields of education and health in the United States as well as other sectors where behaviors are a key issue, particularly human services, corporate services and sales and security services. CPI has an installed base of over 39,000 active "Certified Instructors" who train over 1.4 million people a year. Over the last 40 years, CPI's certified instructors (CI) have trained over 15 million professionals in North America, Europe and worldwide.

CPI is Wendel's fourth investment in the United States after Deutsch, CSP Technologies and Allied Barton.

Why did we invest in CPI?

CPI is the US leader and is seen by health and education professionals as the gold standard. The company's training programs have proven to be effective in improving personal safety and focus on the appropriate responses to high-risk situations. Moreover, they support staff retention and significantly reduce the likelihood of violence in the workplace as well as its seriousness and related costs. Drawing on in-depth knowledge of the relevant regulations at state and federal level, which are constantly changing and expanding in scope, CPI helps its clients to comply with regulatory requirements and to defend themselves in the event of incidents.

CPI's longstanding financial success is evidence of the quality of services the company offers its clients. For a number of years, it has reported growth and increasing margins. CPI's business model is strengthened by its diverse customer base, a net retention rate of over 100% and the relationships it has built over the past twenty years with its 500 key clients. Our investment in CPI was motivated by the company's ability to expand this base, and to realize the significant potential for growth in adjacent markets and services. Wendel is supporting CPI management and employees in expanding the scope of their actions and creating a global training platform with an even greater impact.

A mission-led business that shares Wendel's values.

Wendel is proud to be associated with CPI's mission aimed at reducing conflict and violence in the workplace. CPI is a mission-led business which provides essential services supported by its Certified Instructors and employees. They are all united around a common goal: ensuring the well-being of the company's stakeholders. As a supplier of essential services aimed at safeguarding communities, in particular where healthcare and support target the most vulnerable, CPI's mission and values are consistent with Wendel's Code of Ethics.

Highlights of 2019

In 2019, CPI achieved sales of $87.7 million,[1] up 7.8% compared with the previous fiscal year. Reported sales for the 2019 fiscal year were adversely affected by the application of a new US GAAP principle. In the absence of this principle, sales would have been up +10.2%. Growth has benefited from strong customer retention and the continued expansion of the installed base of Certified Instructors underpinned by growth in new and existing markets. This growth was supported by a two-figure increase in sales in international markets. 2019 sales were also driven by the development of the range of programs aimed at providing the base of Certified Instructors with more training options that are specialized or focused on a particular topic.

CPI generated an adjusted EBITDA of $38.9 million[1], up 7.5% compared with the previous year as well as a margin of 44.4%.[2]

In 2019, CPI continued to invest in developing training programs and methods as well as in technologies and staff. In late 2019, CPI adopted a new customer relationship management system which, combined with the reorganization of its sales department, should improve the effectiveness of sales teams and improve penetration into new growth markets.

At December 31, 2019, CPI's net debt was $330.4 million, i.e. 7.2x EBITDA, based on the definition in the Crisis Prevention Institute's credit agreement.

Based on the calculation method used by the Group. Wendel's stake of around 96% in CPI will be valued on the basis of the acquisition price ($569 million in equity) in Net Asset Value until December 31, 2020.

Update on the impact of COVID-19: CPI is focusing on ensuring the health and safety of all employees and customers. As of early-April 2020, nearly 100% of employees are working remotely.

CPI has postponed all near-term, on-site training sessions but has successfully transitioned some trainings to newly launched virtual sessions, particularly Certified Instructor renewals. CPI anticipates a significant slowdown in 2020 revenues until social distancing restrictions end, with the largest impact anticipated in the second quarter.

Outlook of development

CPI is benefiting from its position as leader in a market where demand for training on preventing and de-escalating crisis situations is increasingly high. CPI services are increasingly in demand due to a greater number of incidents and ever more restrictive regulations introduced by state and federal government. This is particularly true of educational and healthcare establishments which currently represent the bulk of CPI's sales. This is also increasingly the case in other sectors where violence and trauma in the workplace are commonplace. In addition to continuing these initiatives aimed at expanding in the United States, CPI is also investing in increasing its international presence, which accounted for around 22% of sales in 2019, mainly to clients in Canada, the United Kingdom and Australia. The company is constantly evaluating and improving its training programs and teaching methods. It will continue to suggest improvements, specialized services and new technological solutions over time in order to equip clients who are exposed to varying degrees of risk, enabling them to manage violence at work effectively.

(1) Figures in US GAAP.
(2) 2019 published revenue and EBITDA were negatively impacted by a new accounting standard in U.S. GAAP. On a like-for-like basis, EBITDA would have been $40.8m, up 12.8% vs. last year thus a 45.6% margin (+105bps vs. 2018).

In millions of dollars[1]	2019	Δ
Revenue	87.7	+7.8%
EBITDA	38.9	+7.5%
as a % of net sales	44.4%	(-14 bps)
Net financial debt	330.4[3]	n/a

(1) Figures in US GAAP

Top management

Tony Jace, CEO

Susan Driscoll, Chair

Lori Eppel, Chief Financial Officer

Wendel's involvement

Board of Directors: Adam Reinmann (Chairman), Harper Mates, Mel Immergut

Audit Committee: Jérôme Michiels (Chairman), Jamie Fletcher

For more information, please visit: https://www.crisisprevention.com/

1.4.8 Allied Universal

Allied Universal continues its growth

Allied Universal ("AU" or the "Company") is the leader in the North American security services market providing security professionals and related technology-enhanced security solutions to a highly diversified group of end-markets and customers.

Allied Universal in brief

(company reclassified as "Assets and liabilities of operations held for sale", in accordance with IFRS 5)

Leading US-based security services provider	c. 246,000 employees	c. 14,200 clients	293 regional and district offices in the United States
$7.5bn in sales in 2019		Stake held by Wendel: c. 6%	Amount invested by Wendel[1]: $80 million since 2015

(1) Net amount of equity invested by Wendel for the stake held as of December 31, 2019.

Why did we invest in AlliedBarton Security Services?

Keeping employees and customers safe is a critical priority for employers, merchants and landlords. This need for safety has resulted in the consistent and long-term growing demand for on-site security professionals and advanced remote monitoring capabilities. The increasingly complex nature of threats, both real and perceived, requires more highly trained and specialized professionals and garners greater senior-level attention from customers. These factors favor larger firms like Allied Universal whose national presence and local density, advanced training and technology-supported monitoring, threat detection and response capabilities are key differentiators for clients across diverse end-markets.

Attracted to the growing long-term demand, consistent free cash flow generation and ongoing consolidation in the over US market for outsourced security professionals, Wendel acquired AlliedBarton on December 1, 2015 for an enterprise value of $1.68 billion, including Wendel's investment of $687 million for an approximately 95% ownership stake.

Founded in 1957, AlliedBarton had grown from a regional company in the northeastern United States to become one of the nation's largest providers at the time of Wendel's acquisition with $2.2 billion of revenue and over 60,000 employees serving approximately 3,400 customers.

AlliedBarton became Allied Universal

Consistent with the strategic goal of building the industry's leading security services provider consolidating market, on August 1, 2016, AlliedBarton's merger with Universal Services of America ("Universal") was completed, combining leadership, talent, expertise, and breadth of two of the industry's leading companies. This merger of equals created the industry's largest provider with approximately $4.5 billion in revenue, 140,000 employees and more than 6,000 customers diversified by end-market and spanning the US, Canada, Puerto Rico and the US Virgin Islands. In addition to enhanced commercial capabilities, the combination created considerable synergies and enabled further investment in digital security technologies and innovation.

Allied Universal is led by a world-class management team that combined the best of each legacy organization, headed by CEO Steve Jones, previously CEO of Universal. As part of the merger transaction, Wendel received approximately $387 million in cash and approximately 33% of the shares in Allied Universal, equal to that of Warburg Pincus, formerly Universal's largest shareholder. The remainder of the shares are held by Allied Universal management and other third-party investors.

At the service of its clients

Allied Universal provides the best-in-class comprehensive security services that combine people and technology to deliver evolving, tailored solutions that allow clients to focus on their core business. Allied Universal provides security officer services, which allow clients to completely outsource the recruiting, screening, training, uniforming, scheduling and supervising of security officers. Their security professionals work at client sites and are responsible for implementing the security measures necessary to deal with actual or potential security threats detected. Allied Universal's capabilities include providing clients with integrated security solutions.

As of the end of 2019, with 293 regional and district offices located across North America and more than 246,000 employees, Allied Universal provides security at over 45,000 sites services to more than 14,200 clients, including very large companies (over 60% of the Fortune 500), mid-sized organizations and smaller local entities. It provides the same level of service irrespective of the size of its client and tailored to their specific needs, for all of which Allied Universal can offer local service with national support. In 2019, Allied Universal® acquired 9 companies generating $0.9 billion on a combined annualized basis, of which $145 million was reflected in the 2019 reported revenue.

For more than 50 years, Allied Universal and its predecessor companies have developed vertical-focused expertise to serve its clients throughout North America across diversified end-markets, including: Chemical & Petrochemical, Colleges & Universities, Commercial Real Estate, Defense & Aerospace, Financial Institutions, Government Services, Healthcare, Manufacturing & Industrial, Residential Communities, Shopping Centers and Transportation & Logistics.

Wendel sold large stake in Allied Universal in 2019

On December 13, 2019, Wendel and Allied Universal's existing shareholders have completed the sale of a majority stake in the company to Caisse de dépôt et placement du Québec (CDPQ), and a new investment group led by Warburg Pincus and an affiliate of the J. Safra Group (the "Transaction"). As part of the Transaction, Wendel sold 79% of its total investment in Allied Universal, for net cash proceeds of $721 million and retains an approximately 6% ownership interest in the company.

The Transaction valued Wendel's net investment, including realized and unrealized proceeds, at approximately $920 million, or approximately 2.5x total invested capital in USD. This valuation is approximately $670 million above the valuation of Allied Universal in Wendel's net asset value as of November 16, 2018, published before the sale announcement. Wendel's residual stake in Allied Universal, per the net asset value calculation methodology, will be valued at the transaction price until December 13, 2020. Following the Transaction, Wendel retained limited governance and liquidity rights commensurate with the small size of its remaining ownership stake. The Transaction remains subject to typical post-closing adjustments, which may impact the equity interest maintained by Wendel. Further, Wendel will sell additional shares to the extent the Warburg Pincus investment group raises additional capital.

As of December 31st, 2019, as per its valuation methodology, Wendel's approximately 6% stake in Allied Universal is valued at the December 2019 transaction value of approximately $200 million in Wendel's Net Asset Value

Outlook for development

Allied Universal seeks to create long-term value for its shareholders by delivering consistent organic growth, continuously improving margins and customer retention, utilizing technology solutions to enhance customer service and making strategic acquisitions. The company is particularly focused on key initiatives: (i) developing its technological resources; (ii) building on its strategy of penetrating specialist markets, including health, education, government services and defense; (iii) improving profitability; and (iv) acquiring companies which add strategic value and generate synergies; and (v), in the current environment, working with customers to navigate the impact of the COVID-19 pandemic.

Top management

Steve Jones, CEO

Andrew Vollero, CFO

Wendel's involvement

Board of Directors: Adam Reinmann

1.4.9 Other portfolio information

- Between January and July 2019, Wendel sold 14.1 million Saint-Gobain shares in the market for a total of €468 million.
- Wendel has agreed to sell its 40% holding in PlaYce (formerly SGI Africa) to CFAO generating net proceeds of €32.2 million, following an initial investment of €25.3 million at the end of July 2016.

2

CORPORATE GOVERNANCE

This "Corporate governance" section includes extracts from the report of the Supervisory Board on Corporate governance prepared pursuant to Articles L. 225-68, paragraph 6, and L. 225-100 of the French Commercial Code. The Supervisory Board's report also includes information pertaining to Annual Shareholders' Meetings (section 8.4.4) and information that could have an impact in the event of a public offer (section 8.3.11). It also includes information regarding delegations of power and authority for capital increases (section 8.3.7), and the observations of the Supervisory Board (section 9.3). This report was issued by the Supervisory Board at its meeting on March 18, 2020, after review by the Governance and Sustainability Committee.

2.1 Governing and supervisory bodies

Since 2005, the Company has been governed by an Executive Board and a Supervisory Board. This section explains how the Company's governing bodies operate, their composition and the rules of ethics that apply to them.

2.1.1 The Supervisory Board and its operations

2.1.1.1 Composition of the Supervisory Board

The Supervisory Board is composed of a minimum of three and a maximum of 18 members.

The members of the Supervisory Board are appointed by the shareholders, voting in their Ordinary Meeting, for a four-year term. They can be re-appointed. In order to foster a harmonious turnover on the Supervisory Board and enable a smooth transition between the members of the Supervisory Board, staggered renewals were organized in 2005 following the move towards a dual structure.

The number of Supervisory Board members being more than 70 years old may not, after each Ordinary Shareholders' Meeting, exceed one-third of current Board members. Should this proportion be exceeded, the term of the oldest member of the Supervisory Board, except for the Chairman, will end at the close of the following Ordinary Shareholders' Meeting.

Changes in the composition of the Supervisory Board

The composition of the Supervisory Board has remained unchanged since the Shareholders' Meeting of May 16, 2019.

As such, in 2019, the Supervisory Board was made up of 11 members appointed by the Shareholders' Meeting and a 12th member with responsibility for representing employees, appointed by Wendel's Works Council in accordance with the French law on employment protection of June 14, 2013 and the Company by-laws. This member has been attending the Supervisory Board meetings since December 3, 2014 in a consultative capacity. In accordance with Article L 225-79-2 of the French Commercial Code as amended by the so-called "Pacte" law of May 22, 2019, since the Supervisory Board is made up of more than 8 members, a second member representing Company employees is to be appointed in 2020, subject to the approval July 2, 2020 Shareholders' Meeting of the amendment of Article 12 of the by-laws (resolution n°29).

The expiry dates for the terms of each member as of December 31, 2019 were as follows:

Shareholders' Meeting 2020	Shareholders' Meeting 2021	Shareholders' Meeting 2022	Shareholders' Meeting 2023
▪ François de Wendel	▪ Bénédicte Coste ▪ Priscilla de Moustier ▪ Édouard de l'Espée ▪ Nicholas Ferguson ▪ Nicolas ver Hulst	▪ Franca Bertagnin Benetton ▪ Guylaine Saucier	▪ Jacqueline Tammenoms Bakker ▪ Gervais Pellissier ▪ Humbert de Wendel

François de Wendel, whose term expires at the close of the Shareholders' Meeting of June 4, 2020, has stated his intention of resigning from the Supervisory Board after that meeting.

Since 2014, the Company has met the legal requirement that at least 40% of its Supervisory Board members are women, as the ratio has stood at 45%.

As of the publication of this Universal Registration Document, five women sit on the Supervisory Board: Franca Bertagnin Benetton, Bénédicte Coste, Priscilla de Moustier, Guylaine Saucier, Chairwoman of the Audit, Risks and Compliance Committee, and Jacqueline Tammenoms Bakker, Chairwoman of the Governance and Sustainability Committee.

The Supervisory Board member representing employees is not included in the calculation of the percentage of women on the Board, in accordance with French law.

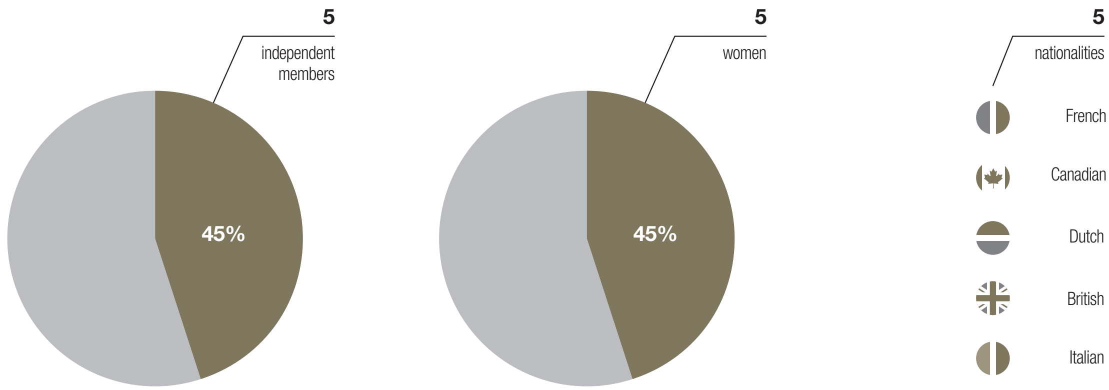
Supervisory Board members at April 15, 2020

Name	Sex	Age	Nationality	Position on the Supervisory Board	Date first appointed to the Supervisory Board	Date current term ends	Number of Wendel SE shares held on Dec. 31, 2019	Committee member	Independent as defined in the Afep-Medef Code
Nicolas ver HULST	M	66	French	Chairman	May 18, 2017	2021 AGM	500	-	
Gervais PELLISSIER**	M	60	French	Vice Chairman Lead Member	June 5, 2015	2023 AGM	500	ARCC	•
Franca BERTAGNIN BENETTON*	F	51	Italian	Member	May 17, 2018	2022 AGM	500	ARCC	•
Bénédicte COSTE	F	62	French	Member	May 28, 2013	2021 AGM	1,060	ARCC	
Édouard de l'ESPÉE	M	71	French	Member	Sept. 6, 2004	2021 AGM	5,000	GSC	
Nicholas FERGUSON*	M	71	British	Member	May 18, 2017	2021 AGM	500	GSC	•
Priscilla de MOUSTIER	F	67	French	Member	May 28, 2013	2021 AGM	150,443	GSC	
Sophie PARISE	F	41	French	Member representing employees	Sept. 15, 2018	Nov. 20, 2022	3,898	GSC	
Guylaine SAUCIER***	F	73	Canadian	Member	June 4, 2010	2022 AGM	500	ARCC and GSC	•
Jacqueline TAMMENOMS BAKKER****	F	66	Dutch	Member	June 5, 2015	2023 AGM	500	GSC	•
François de WENDEL	M	71	French	Member	May 31, 2005	2020 AGM	693	ARCC	
Humbert de WENDEL	M	63	French	Member	May 30, 2011	2023 AGM	225,064	ARCC	

AGM = Annual General Meeting; GSC = Governance and Sustainability Committee; ARCC = Audit, Risks and Compliance Committee

* *Number of directorships held in another listed company.*

12 members including **1** member representing employees



The Supervisory Board's diversity policy

In an effort to promote diversity of profiles among the members of the Board, the Governance and Sustainability Committee has strengthened its selection process so as to promote a variety of skills and nationalities. The key skills of each member of the Supervisory Board are described in their biographies below.

Candidates are selected on the basis of the following criteria in particular: knowledge of the investment sector, financial expertise, governance of family-owned companies, knowledge of various industrial sectors, sufficient availability, international experience, balanced representation of men and women and a suitable level of independence to serve on the Board.

Following its self-evaluation in 2018, the Supervisory Board decided to set-up a skills matrix to identify experiences and qualifications that should be strengthened within the Board. Analysis of the results of the skills matrix indicate that the Supervisory Board would benefit from the addition of the following skills:

- knowledge of the American market;
- skills in the field of digital and new technologies;
- experience of the investment sector.

In late 2019 and early 2020, a process for selecting a new member of the Supervisory Board was put in place, given the expiry of the term of François de Wendel at the end of the 2020 Shareholders' Meeting. The Chairman of the Supervisory Board took part in this process.

In relation to the diversity policy of the Supervisory Board and the results of the skills matrix, a proposal will be made to the shareholders at the Shareholders' Meeting on July 2, 2020, to appoint M. Thomas de Villeneuve, chosen by the Supervisory Board on the recommendation of the Governance and Sustainability Committee. M. Thomas de Villeneuve will provide the Supervisory Board with his professional experience in the sector of investment and private equity – more specifically in the fields of telecom/media/technologies - gained within his position in the private equity firm, Apax Partners, of which he is Managing Director. He will also share with the Board his knowledge of the Europen and American markets, gained in particular from his time at Boston Consulting Group. His knowledge of the field of engineering and innovation, gained in his capacity as member of the Board of Directors of the listed company Altran Technologies for around 10 years, will be of use for the Supervisory Board.

Independence of Supervisory Board members

The Supervisory Board is designed to guarantee impartial deliberation and includes members who qualify as independent. It reviews the independence of its members every year.

It uses the Afep-Medef Code 's definition of "independent member": "A director is independent if he or she has no relationship of any kind with the Company, its Group or its management, which could compromise his or her judgment".

At their respective meetings on February 3 and February 5, 2020, the Governance and Sustainability Committee and the Supervisory Board reviewed the independence of each member based on the following criteria, in accordance with recommendation 9.5 of the Afep-Medef Code, as to whether they:

- were not employees or executive corporate officers of the Company, employees, executive corporate officers or directors of the parent company or of a company consolidated by it, either currently or at any time in the five previous years;

- were not executive corporate officers of a company in which the Company holds, directly or indirectly, a directorship, or in which an employee designated as such or an executive corporate officer of the Company (current or in the last five years) holds a directorship;
- were not customers, suppliers, investment bankers or corporate bankers:
  - of the Company or the Group to a significant extent, or
  - for which the Company or the Group accounts for a significant portion of the business;
- did not have family ties with a corporate officer of the Company;
- have not been a Statutory Auditor of the Company during the previous five years;
- have not been directors of the Company for more than 12 years. The loss of independent director status occurs at 12 years.

The independence of a member of the Board, Gervais Pellissier, was subject to in-depth investigation as IHS, a company within the Wendel portfolio, had signed a sub-contracting agreement with Orange for new towers in Cameroon and Ivory Coast and Gervais Pellissier is the Delegate Chief Executive Officer of Orange in charge of Group Transformation and Chairman of Orange Business Services.

The Supervisory Board confirmed Gervais Pellissier's independence given that:

- Wendel has a stake of only 21.4% in IHS and holds, in association with its co-investors, 24.2% of IHS' voting rights;
- Gervais Pellissier does not manage Orange's operations in Africa, which is where IHS operates;
- the revenue that IHS generates from Orange is not material compared to its total sales.

Consequently, the Supervisory Board considered that as of February 5, 2020, five of its eleven members, *i.e.* 45% met the independence criteria under the Afep-Medef Code: Gervais Pellissier, Guylaine Saucier, Jacqueline Tammenoms Bakker, Nicholas Ferguson and Franca Bertagnin Benetton. The composition of the Supervisory Board therefore complies with recommendation 9.3 of the Afep-Medef Code, which advocates that at least one-third of the Board members of controlled companies be independent.

The Supervisory Board member representing employees is not included in the calculation of the proportion of independent Board members, in accordance with the Afep-Medef Code.

No conviction for fraud, official public incrimination and/or public sanction or liability for bankruptcy during the previous five years

To the Company's knowledge and as of the date of this Universal Registration Document, with the exception of below mentioned event, in the last five years no member of the Supervisory Board (i) has been convicted of fraud or been the subject of an official public incirimination and/or public sanction handed down by statutory or regulatory authorities (ii) has been associated with bankruptcy, sequestration, a liquidation or court-ordered administration; (iii) has been prohibited by a court from holding a position on a governing or supervisory body of an issuer or from being involved in the management or conduct of business of an issuer.

Nicolas ver Hulst was Chairman of the Board of Directors of the company BR Gaming, which was subject to court-ordered liquidations proceedings beginning on September 2, 2015. These proceedings are ongoing.

Conflicts of interest, family ties and service contracts

Nicolas ver Hulst, Priscilla de Moustier, François de Wendel, Édouard de l'Espée, Humbert de Wendel and Bénédicte Coste are members of the Wendel family. They are also directors or non-voting directors of Wendel-Participations SE, the Company's main shareholder, which represents the interests of Wendel family members.

To the Company's knowledge, as of the date of issue of this Universal Registration Document, there is no existing or potential conflict of interest between the private interests or other obligations of the members of the Supervisory Board and their obligations with regard to the Company that has not been handled in accordance with the conflict-of-interest management procedure specified in the internal regulations of the Supervisory Board and described in 2.1.7.2 "Business ethics", "Conflicts of interest" paragraph.

To the Company's knowledge, one Supervisory Board member – Gervais Pellissier - works for a Group that has been selected as the client or supplier of a Wendel Group company. This situation was examined by the Governance and Sustainability Committee at a meeting on February 3, 2020 and the Supervisory Board at a meeting on February 5, 2020 (see above, "Independence of members of the Supervisory Board").

Supervisory Board members have no family ties with the Executive Board members.

Restrictions on the sale of shares held by the members of the Supervisory Board are described in 2.1.7.1 "Market ethics".

2.1.1.2 Information regarding the members of the Supervisory Board

Nicolas ver HULST

Chairman of Wendel's Supervisory Board

Date appointed to first term: May 18, 2017

Current term expires on: AGM to be held in 2021

Born on August 21, 1953

French nationality

Address:
20 Cité Malesherbes,
75009 Paris,
France

Key skills:

- Private equity
- Finance
- CEO

Career path:

Nicolas ver Hulst is a graduate of Ecole Polytechnique and holds an MBA from INSEAD.

He began his career at the French department of Telecommunications before joining BNP.

From 1985 to 1995, he worked in various positions at CGIP, including as head of business development.

From 1989 to 2017, he held management positions at Alpha Associés Conseil, initially as an Executive Board member, then as CEO, and from 2007 as Chairman. His term of office at Alpha Group ended on June 30, 2017.

Appointments as of December 31, 2019:

Wendel Group

Director of Wendel-Participations SE

Other

Member of the Supervisory Board of MPM Advisors

Director of Septagon Sicav

Manager of Milkyway Capital Soparfi

Manager of Northstar SC

Manager of Orion SC

Director of Midas Wealth Management

Mandates expired in the last five years:

Chairman of the Supervisory Board of Babilou Group

Member of the Executive Board of Alpha Associés Conseil

Chairman of the Strategy Committee of MK Direct 2

Member of the Strategy Committee of Metallum Holding

Chief Executive Officer of Glacies Holding

Director of Frial

Director of Next Radio TV

Director of Cyrillus-Vertbaudet

Member of the Supervisory Board of Financière Ramses

Number of Wendel shares held as of December 31, 2019: 500

Gervais PELLISSIER

Vice President of Wendel's Supervisory Board

Lead Member of the Board

Member of the Audit, Risks and Compliance Committee

Independent member

Date appointed to first term: June 5, 2015

Current term expires: AGM to be held in 2023

Born on May 14, 1959

French nationality

Business address:
Orange,
78, rue Olivier-de-Serres,
75015 Paris,
France

Key skills:

- CFO
- Experience in the field of digital and new technologies
- Management

Career path:

Gervais Pellissier is a graduate of HEC, as well as Berkeley in California and the University of Cologne in Germany. He joined Bull in 1983 and held positions of increasing responsibility in finance and management control in France, Africa, South America, and Eastern Europe.

In 1994, he was appointed Chief Financial Officer of the Services and Systems Integration division, and then of the IT Outsourcing division. He became Director of Management Control at Bull and in 1998, its Chief Financial Officer.

From April 1, 2004 to February 1, 2005, Gervais Pellissier was the Associate Manager guiding the Board of Directors and Deputy Chief Executive Officer of Bull.

He served as Vice-Chairman of Bull's Board of Directors from February 2005 to mid-2008.

He joined the France Télécom Group on October 17, 2005 and was appointed CEO of France Télécom Operadores de Telecomunicaciones in November 2005. In this role he merged France Télécom's landline and mobile activities in Spain into a single structure.

From January 2006 to February 2009, he served as a member of France Télécom's General Management Committee, in charge of Finance and Operations in Spain.

From March 2009 to March 2010, he served as the Deputy Chief Executive Officer in charge of Finance and Information Systems.

In November 2011, Gervais Pellissier was appointed Deputy Chief Executive Officer of France Télécom-Orange, which became Orange on July 1, 2013, retaining the full scope of his activities. On September 1, 2014, he was appointed Deputy Chief Executive Officer, Executive Director in charge of European operations (excluding France).

In May 2018, Gervais Pellissier took over new responsibilities in the Orange Group Executive Committee as the Group's Deputy CEO for Transformation, as well as Chairman of Orange Business Services.

He holds two of France's highest honors:Knight of the Legion of Honor and Officer of the National Order of Merit.

Appointments as of December 31, 2019:

Orange Group:

Orange SA – Deputy Chief Executive Officer since October 26, 2011 (listed company)

Orange Espagne (Spain) – director since June 26, 2006 and Chairman since March 1, 2016

Orange Polska SA – Member of the Supervisory Board since April 11, 2013 (listed company)

Orange Horizons – Director since October 19, 2014

Fondation des Amis de Médecins du Monde – Founder and Director since May 23, 2014

Mandates expired in the last five years:

Dailymotion – director until June 30, 2015

EE Ltd. (United Kingdom) – director until January 2016

Mobistar/Orange Belgium – director until July 19, 2018 (listed company)

Number of Wendel shares held as of December 31, 2019: 500

Franca BERTAGNIN BENETTON

Member of Wendel's Supervisory Board

Member of the Audit, Risks and Compliance Committee

Independent member

Date appointed to first term: May 17, 2018

Current term expires: AGM to be held in 2022

Born on October 23, 1968

Italian nationality

Business address:
Evoluzione SpA,
Vicolo Avogari,
5, 31100 Treviso -
Italy

Key skills:

- Private equity
- Family business
- International experience

Career path:

Franca Bertagnin Benetton is a graduate of Boston University and holds an MBA from Harvard University (1996). She is a director of Edizione Srl, the investment holding company of the Benetton family.

She started her career at Colgate Palmolive in New York (USA) as Product Manager in Global Business Development, and then held the same position in Hamburg (Germany).

She later worked for the strategy consulting firm Bain & Co in Italy until joining Benetton Srl in 1997.

Since 2003, she is CEO of her Family Office Evoluzione SpA, managing diversified investments in private and public equity.

In June 2005 she became Director of Edizione Srl. She has been a director of Benetton Srl (since 2013), Autogrill Spa (since 2017), Telepass Spa (since 2019) and Fondation Benetton (since 2019).

She currently serves on the European Advisory Board of the Harvard Business School and the international Advisory Board of Boston University.

Appointments as of December 31, 2019:

CEO of Evoluzione Spa

Director of Edizione Srl

Director of Autogrill Spa (listed company)

Director of Benetton Srl

Director of Telepass Spa

Director of Fondazione Benetton

Mandates expired in the last five years:

Director of Aidaf, the Italian Chapter of FBN (Family Business Network)

Number of Wendel shares held as of December 31, 2019: 500

Bénédicte COSTE

Member of Wendel's Supervisory Board

Member of the Audit, Risks and Compliance Committee

Date appointed to first term: May 28, 2013

Current term expires on: AGM to be held in 2021

Born on August 2, 1957

French nationality

Business address:
4, avenue Lamartine,
78170 La Celle-Saint-Cloud,
France

Core competencies:

- Finance
- Strategy
- CEO

Career path:

Bénédicte Coste is a graduate of the Ecole des hautes études commerciales (HEC - major in finance) and holds a degree in law. She began her career in the finance division of Elf Aquitaine where she managed a portfolio in the Markets & Portfolio department from 1980 to 1984. In 1986, she started a portfolio management business first as an independent, then created Financière Lamartine SA, a portfolio management company, which obtained approval from the French market regulatory authority (COB) in 1990 (authorization No. GP 9063 on July 27, 1990). Financière Lamartine is specialized in discretionary management for private clients. She is a member of the Bank and Asset Management Group at the HEC Association. She was President of AFER, the French savings and retirement association, from April 2004 to November 2007.

In 2011, she graduated with a BTS in agricultural management from l'École supérieure d'agriculture d'Angers.

Appointments as of December 31, 2019:

Main position:

Chairwoman and CEO of Financière Lamartine

Wendel Group:

Director of Wendel-Participations SE

Other appointments:

Chairwoman of Association samarienne de défense contre les éoliennes industrielles

Manager of SCEA Domaine de Tailly (farm)

Manager of Groupement forestier de la Faude

Appointments expired in the last five years: none

Number of Wendel shares held as of December 31, 2019: 1,060

Édouard de L'ESPÉE

Member of Wendel's Supervisory Board

Member of the Governance and Sustainability Committee

Date appointed to first term: September 6, 2004

Current term expires on: AGM be held in 2021

Born on September 5, 1948

French nationality

Business address:
SingAlliance,
16 bis rue de Lausanne,
CH-1201 Geneva,
Suisse

Key skills:

- Macroeconomics
- Bond investment
- International experience

Career path:

Graduated from l'École supérieure de commerce de Paris in 1972.

Édouard de L'Espée began his career in 1972 as a financial analyst in Geneva, then as a bond specialist and portfolio manager at Banque Rothschild in Paris. Since 1981, he has been managing a bond fund and portfolios for private clients of the Banque Cantrade Ormond Burrus, Geneva. In 1986, he participated in the creation and development of an independent portfolio management company in London (Cursitor Group) and co-founded Praetor Gestion (Luxembourg) in 1987 and managed its bond funds, followed by Concorde Bank Ltd (Barbados) in 1988. In 1999, he founded Calypso Asset Management in Geneva, in which he is the Managing Director. In 2008, he merged Calypso and Compagnie Financière Aval and became the Executive Director and Chief Investment Officer (CIO) of the new entity.

In 2017, he co-founded SingAlliance SA in Geneva and became the company's CIO. The SingAlliance Group manages over one billion dollars in assets in Singapore and Geneva.

Appointments as of December 31, 2019:

Main position:

Director and Chief Investment Officer of SingAlliance SA (Switzerland)

Wendel Group:

Non-voting Board member at Wendel-Participations SE

Other appointments:

Director of Pro-Luxe SA (Switzerland)

Mandates expired in the last five years:

Member of the Swiss Financial Analysts Association until 2018

Number of Wendel shares held as of December 31, 2019: 5,000

Nicholas FERGUSON

Member of Wendel's Supervisory Board

Member of the Governance and Sustainability Committee

Independent member

Date appointed to first term: May 18, 2017

Current term expires on: AGM to be held in 2021

Born on October 24, 1948

British nationality

Business address:
Savills,
18 Queensdale Road,
W11 4QB London,
United Kingdom

Key skills:

- Private equity
- Listed securities
- Experience as a non-executive corporate officer

Career path:

Nicholas Ferguson holds an economics degree from the University of Edinburgh and an MBA from Harvard Business School. He is Chairman of Savills plc., and also Chariman of Africa Logistics Properties and director of Maris Capital.

From 1983 to 2001, he was Chairman of Permira (formerly Schroder Ventures); from 2001 to 2012 he was Chairman and CEO of SVG Capital; and from 2012 to 2015 he was Chairman of Sky plc.

Nicholas Ferguson is also a founder of Kilfinan Group, a non-profit organization made up of senior business people who provide mentoring to chief executives of UK charities.

He is highly active in philanthropy and was awarded the 2013 Beacon Award for Place-Based Philanthropy. For ten years he was Chairman of the Courtauld Institute of Art and of the Institute for Philanthropy.

Appointments as of December 31, 2019:

Chairman of Savills plc (listed company)

Director of Maris Capital

Chairman of ALP

Non-profit organizations

Chairman of Kilfinan Group

Chairman of Kilfinan Trust

Mandates expired in the last five years:

Chairman of Sky plc

Chairman of Alta

Chairman of Nyland Director of Environmental Defence Fund Europe

Director of Arcadia Trust

Number of Wendel shares held as of December 31, 2019: 500

Priscilla de MOUSTIER

Member of Wendel's Supervisory Board

Member of the Governance and Sustainability Committee

Date appointed to first term: May 28, 2013

Current term expires on: AGM to be held in 2021

Born on May 15, 1952

French nationality

94, rue du Bac,
75007 Paris,
France

Key skills:

- Family business
- CSR
- International experience

Career path:

Priscilla de Moustier holds an MBA from INSEAD, a bachelor's degree in mathematics and a master's degree in economics from the Paris University as well as the diploma of the Institut d'études politiques.

After negotiating the sale of turnkey manufacturing facilities for Creusot-Loire Entreprises and working as a consultant at McKinsey, Ms. de Moustier joined Berger-Levrault, where she was responsible for new project development in the Metz technology park. Since 1997, she has supervised Wendel's involvement in the university teaching chair and subsequently the Wendel center at Insead. She also represents Wendel-Participations in the Family Business Network.

Appointments as of December 31, 2019:

Wendel Group:

Chairman and CEO of Wendel-Participations SE

Other appointments:

Chairwoman of the Supervisory Board of Oxus Holding

Vice-President of the French chapter of the Family Business Network

Member of the Supervisory Board of F-451

Chairwoman of Fondation Acted

Director of Acted

Director of Somala (Marais de Larchant SA)

Mandates expired in the last five years:

Director of American Library of Paris

Director of FBN International

Number of Wendel shares held as of December 31, 2019: 150,443

Sophie PARISE

Member of Wendel's Supervisory Board, employee representative

Member of the Governance and Sustainability Committee

Date appointed to first term: September 5, 2018

Current term expires on November 20, 2022

Born on April 19, 1978

French nationality

Business address:
89, rue Taitbout,
75009 Paris,
France

Career path:

Sophie Parise holds post graduate degrees in corporate and tax law from the University of Cergy Pontoise and the University of Montpellier.

She started her professional career with Wendel (CGIP at the time) in 2001 as a junior member of the tax team, with a main focus on tax compliance.

She has gradually taken charge of tax audits, the supervision of tax compliance and the tax coordination of certain M&A projects and deals.

Appointments as of December 31, 2019: Tax Manager at Wendel

Number of Wendel shares held as of December 31, 2019: 3,898

Guylaine SAUCIER

Member of Wendel's Supervisory Board

Chairwoman of the Audit, Risks and Compliance Committee

Member of the Governance and Sustainability Committee

Independent member

Date appointed to first term: June 4, 2010

Current term expires: AGM to be held in 2022

Born on June 10, 1946

Canadian nationality

Business address:
1321 rue Sherbrooke Ouest,
Montreal H3G1J4,
Canada

Key skills:

- Risk, internal control, audit
- Governance
- Strategy

Career path:

Graduate, with a baccalauréat ès arts, from the Collège Marguerite-Bourgeoys and a licence degree in business from the École des hautes études commerciales de Montreal.

A Fellow of the Order of Certified Public Accountants of Quebec, Guylaine Saucier was Chairman and CEO of Gerard Saucier Ltée, a major Group specializing in forestry products, from 1975 to 1989. She is also a certified director of the Institute of Corporate directors.

She holds or has held positions on the Boards of Directors of several major companies, including Bank of Montreal, AXA Assurances Inc., Danone and Areva.

She was Chairwoman of the Joint Committee of Corporate governance (ICCA, CDNX, TSX) (2000-01), Chairwoman of the Board of Directors of CBC/Radio-Canada (1995-2000), Chairwoman of the Board of Directors of the Canadian Institute of Chartered Accountants (1999-2000), member of the Board of Directors of the Bank of Canada (1987-1991), member of the Commission of Inquiry on Unemployment Insurance (1986) and member of Minister Lloyd Axworthy's task force on social security reform (1994). Ms. Saucier was the first woman appointed President of the Quebec Chamber of Commerce. She has played a very active role in the community as a Board member of various institutions, including the University of Montreal, the Montreal Symphony Orchestra and the Hôtel-Dieu de Montreal.

She was recognized as a member of the Order of Canada in 1989 for her exceptional civic-mindedness and significant contribution to the business world.

On May 18, 2004, she was named a "Fellow" of the Institute of Corporate directors, and on February 4, 2005, received the 25th McGill University Management Achievement Award. On September 3, 2010, she was made Honorary Corporate Director by the Collège des Administrateurs de Sociétés.

She received an honorary Ph.D. degree from the University of Laval in 2017.

Appointments as of December 31, 2019 (listed companies):

Member of the Board of Directors of Cuda Oil & Gaz (formerly Junex Inc.) (Quebec)

Member of the Board of Directors of Tarkett

Member of the Board of Directors of Rémy Cointreau

Mandates expired in the last five years:

Member of the Board of Directors of Scor (2016)

Member of the Supervisory Board of Areva (since 2006) and Chairwoman of the Audit Committee until January 8, 2015

Number of Wendel shares held as of December 31, 2019: 500

Jacqueline TAMMENOMS BAKKER

Member of Wendel's Supervisory Board

Chairwoman of the Governance and Sustainability Committee

Member of the Audit, Risks and Compliance Committee

Independent member

Date appointed to first term: June 5, 2015

Current term expires: AGM to be held in 2023

Born on December 17, 1953

Dutch nationality

Business address:
33 Thurloe Court,
London SW3 6SB,
United Kingdom

Key skills:

- Experience as a non-executive corporate officer
- Human resources and compensation
- Management

Career path:

Jacqueline Tammenoms Bakker holds a BA in History and French from Oxford University and an MA in International Relations from the Johns Hopkins School for Advanced International Studies in Washington D.C.

She worked for Shell from 1977 to 1988, McKinsey from 1989 to 1995, and Quest International (Unilever) from 1995 to 1998.

She moved to the public sector in the Netherlands in 1999, serving as Director of Gigaport from 1999 to 2001, and as Director General at the Ministry of Transport from 2001 to 2007, responsible for civil aviation and freight transport.

From 2006 to 2007 she was Chairman of the High-Level Group for the future of aviation regulation in Europe, reporting to the EU Commissioner for Transport.

She was awarded Knight of the Legion of Honor in 2006 in recognition of her contribution to the co-operation between France and the Netherlands.

Appointments as of December 31, 2019 (listed companies):

Member of the Supervisory Board of Unibail Rodamco

Member of the Supervisory Board of CNH Industrial

Member of the Supervisory Board of TomTom

Member of the Supervisory Board of Boskalis

Appointments as of December 31, 2019 (non-profit organizations):

Chairwoman of the Board of the Van Leer Group Foundation

Member of the Consultative Committee of Transparency International NL

Member of the VEUO Board (NL Association of listed companies)

Mandates expired in the last five years:

Member of the Board of Nexus Institute

Member of the Supervisory Board of Tesco plc (2009-15)

Number of Wendel shares held as of December 31, 2019: 500

François de WENDEL

Member of Wendel's Supervisory Board

Member of the Audit, Risks and Compliance Committee

Date appointed to first term: May 31, 2005

Current term expires: AGM to be held in 2020

Born on January 13, 1949

French nationality

Business address:
89, rue Taitbout,
75009 Paris,
France

Key skills:

- Experience as an executive corporate officer
- Experience in the industrial sector
- Family business

Career path:

Graduate of the Institut d'études politiques in Paris, master's degree in economics from the University of Paris and an MBA from Harvard University.

He began his career with a number of senior management roles at Carnaud and Carnaud Metalbox. In 1992, he joined the Pechiney Group where he was CEO of Aluminum de Grèce. From 1998 to 2005, he held executive management roles at Crown Cork, firstly as Senior Vice-President in charge of procurement for Europe, then as Executive Vice-President in charge of the Food Europe Africa & Middle East division.

Appointments as of December 31, 2019:

Wendel Group

Non-voting Board member at Wendel-Participations SE

Other appointments:

Member of the Supervisory Board of Massilly Holding

Appointments expired in the last five years:

Director of Burelle SA and member of its Audit Committee (listed company) (2015)

Number of Wendel shares held as of December 31, 2019: 693

Humbert de WENDEL

Member of Wendel's Supervisory Board

Member of the Audit, Risks and Compliance Committee

Date appointed to first term: May 30, 2011

Current term expires: AGM to be held in 2023

Born on April 20, 1956

French nationality

Business address:
89, rue Taitbout,
75009 Paris,
France

Key skills:

- CFO
- Experience in the industrial sector
- Finance

Career path:

Graduate of the Institut d'études politiques de Paris and Essec.

Humbert de Wendel has spent his entire career with the Total Group, which he joined in 1982, mainly holding positions in the Finance department, first heading trading floor operations and then financial operations, successively, for several divisions in the Group. He also spent several years in London at the finance division of one of Total's joint ventures.

Director of acquisitions and divestments and in charge of the Group's corporate business development from 2006 to 2011, he was Director of Financing and Cash Management and Treasurer of the Group until 2016.

Appointments as of December 31, 2019:

Wendel Group:

Director of Wendel-Participations SE

Other:

Manager of OGQ-L SÀRL

Appointments expired in the last five years:

Other appointments within the Total Group (foreign companies):

Chairman of Total Finance Global Services SA (Belgium) (2016)

Chairman of Total Finance Nederland BV (Netherlands) (2016)

Managing Director and Board Member of Total Finance Corporate Services Ltd (United Kingdom) (2016)

Chairman and Director of Total Capital Canada Ltd (Canada), Director of Total Funding Nederland BV (2016)

Director of Total Upstream UK Ltd (2016)

Director of SUNPOWER Corp. (USA) (2016) (listed company)

Number of Wendel shares held as of December 31, 2019: 225,064

New member of the Supervisory Board whose appointment was proposed to the Shareholders' Meeting on July 2, 2020, as a replacement for François de Wendel

Thomas de VILLENEUVE

Member of Wendel's Supervisory Board

Date appointed to first term: July 2, 2020

Date current term ends: AGM to be held in 2024

Born on May 19, 1972
French nationality

Business address:
1 rue Paul Cézanne,
75008 Paris
France

Key skills:

- Private equity and investment
- Experience in the telecoms, media and technology sectors
- International experience

Career path:

Graduate of HEC.

Thomas de Villeneuve began his career as a consultant at strategic consultancy firm The Boston Consulting Group, in Paris and New York, from 1994 to 2001.

He went on to join the private equity firm, Apax Partners, specialist in the mid-market segment in France, Italy and Benelux, where he is now Managing Director, responsible for investment in the fields of telecom/media/technologies.

In the course of his career he has been a member of a number of company Boards and, in particular, director of the listed company Altran Technologies, an international engineering and research and development firm, for around ten years.

Appointments as of December 31, 2019:

Director of Apax Partners SAS

Director of Wendel-Participations SE

Director of Clarisse SA

Director of the association We2Go

Managing Director of Société Civile Hermine

Director of Comitium SAS

Director of Comitium HoldCo SAS

Chairman & non-Executive Board member of Experlink Holding B.V. (Netherlands)

Chairman and Board member of A ShadesofGreen Capital B.V. (Netherlands)

Chairman and Board member of A Stichting Administratiekantoor ShadesofGreen Capital (Netherlands)

Director of MelitaLink Advisor Limited (Malta)

Director of MelitaLink Management Limited (Malta)

Appointments expired in the last five years:

Director of Altran Technologies (listed company)

Class A Manager of Cabolink sarl (Luxembourg)

Manager of Cabolink Gérance sarl (Luxembourg)

Class A Manager of Cabolink Holdco sarl (Luxembourg)

Class A Manager of Fourteensqaure sarl (Luxembourg)

Director of Cabonitel sarl (Luxembourg)

Sole manager of Visaolinktel, Unipessoal LDA (Portugal)

Manager of Eiger 1 sarl (Luxembourg)

Director of Eiger GP SA (Luxembourg)

Member of the Supervisory Board of InfoPro Digital SAS (France)

Managing Director of Experlink B.V. (Netherlands)

Number of Wendel shares held as of December 31, 2019: 10

2.1.1.3 Preparation and organization of the Board's proceedings

The Supervisory Board's internal regulations set down the rights and responsibilities of the members of the Board, state the criteria for evaluating independence, and describe the composition and the remit of the Board and its committees. It also sets out the rules for managing conflicts of interest and market ethics (see section 2.1.7, "Compliance issues involving the Group's governing and supervisory bodies"). It is regularly reviewed and updated. The most recent changes date from March 18, 2020 and relate to the description of the remits of the Audit, Risks and Compliance Committee and the Governance and Sustainability Committee, in relation to the evolution of the Supervisory Board's role in terms of ESG.

The main provisions of the Board's internal regulations are detailed below.

The members of the Supervisory Board agree to comply with all legal and regulatory obligations as well as all requirements set forth in the Company's by-laws, the Board's internal regulations, the Company's Market Confidentiality and Ethics Code, the Company's Ethics Code and the Company's policy for combating bribery and influence peddling.

The Supervisory Board meets as often as the interests of the Company require, and at least once a quarter, as convened by its Chairman.

The Chairman of the Supervisory Board is responsible for convening the Board and chairing its discussions. Meetings are held and decisions made according to the quorum and majority conditions required by law. In the event of a tie, the Chairman casts the deciding vote.

Notices of meeting are sent by post or e-mail and, whenever possible, one week in advance. In an emergency, the Board may be convened without advance notice. Members of the Supervisory Board attend Board Meetings in person but when this is not possible have the option of attending remotely by telephone or video conference. This is the case, in particular, for *ad hoc* meetings that are convened without advance notice.

The Statutory Auditors are invited to all meetings of the Supervisory Board at which the annual or semi-annual financial statements are examined, attending the parts of the meeting during which those financial statements are discussed.

The Supervisory Board meets regularly. A record of attendance is kept. The Supervisory Board met 12 times in 2019: 6 scheduled meetings and 6 *ad hoc* meetings for specific projects. The average attendance rate was 99% in the case of scheduled meetings and 89% in the case of *ad hoc* meetings, and the average length of meetings was 3 hours and 45 minutes.

The attendance rate for each Supervisory Board member was as follows:

	Scheduled meetings	***Ad hoc* meetings**
Nicolas ver Hulst (Chairman of the Supervisory Board)	100%	100%
Gervais Pellissier (Vice-Chairman and lead member of the Supervisory Board)	100%	83%
Franca Bertagnin Benetton	100%	83%
Bénédicte Coste	100%	100%
Édouard de l'Espée	100%	83%
Nicholas Ferguson	100%	100%
Priscilla de Moustier	100%	83%
Sophie Parise	83%	83%
Guylaine Saucier	100%	100%
Jacqueline Tammenoms Bakker	100%	100%
François de Wendel	100%	67%
Humbert de Wendel	100%	83%

Each of these Board meetings are held without the Executive Board present for part of the meeting (executive sessions).

New Supervisory Board members undergo a training program, during which they meet the Company's senior management (Induction Day).

Moreover, training sessions on particular themes are offered to all members of the Board. In 2019, a session on incentive and long-term co-investment schemes as well as a session on ESG were held. A number of sessions are scheduled in 2020, particularly on ESG

The Supervisory Board's Secretary is Caroline Bertin Delacour, General Secretary.

Considerable care is taken to provide Supervisory Board members with comprehensive, high-quality information in preparation for meetings and to transmit these information packages promptly.

The Board Secretary prepares minutes of each meeting. The minutes are distributed prior to the following meeting and any changes are sent subsequently. Minutes of a Supervisory Board meeting are approved at the start of the Board's following meeting, then entered into the register.

Board members also receive all information published by the Company (press releases) at the time of its release. The most significant press articles are sent to them by e-mail and the main analyst studies are given to them at the following Board Meeting.

2.1.1.4 Remit of the Supervisory Board

As specified in the Supervisory Board's internal regulations, the members of the Supervisory Board individually and collectively represent all shareholders. The Board must conduct its business in the shared interest of the Company. The Supervisory Board is a collegial body; its members make decisions collectively.

In its role of supervising the management of the Company by the Executive Board, the Supervisory Board pays particular attention to social and environmental issues, which are inherent to the Company's value creation strategy.

Its role in terms of ESG has significantly developed in recent years. It began by reviewing the various reporting requirements relating to ESG matters referred to in the Executive Board's annual management report. Then the Board added to this review an assessment of non-financial risks associated with the ESG challenges of the Group's activities.

Beyond the compliance and risk management aspects, the role of the Supervisory Board has recently extended to include the review of the Group's new CSR strategy with the aim of creating lasting value.

Since ESG a strategic priority for Wendel, the Supervisory Board:

- benefit from training sessions on this subject;
- requests regular reports on these topics, particularly on the global strategy (Governance and Sustainability Committee) and risk assessment (Audit, Risks and Compliance Committee);
- sets ESG objectives for the Executive Board members on which their variable annual compensation is based;
- monitors the implementation of ESG action plans drawn up by the companies in the portfolio;
- reviews issues around gender equality at Wendel.

To reflect the Supervisory Board's growing commitment to ESG, the Supervisory Board decided early 2020 to change the name of the Governance Committee to "Governance and Sustainability Committee" and to change the name of the Audit Committee to "Audit, Risks and Compliance Committee".

More generally, the main items discussed at Supervisory Board meetings in 2019 and in early 2020 were as follows:

Strategy and transactions

- Group strategy;
- proposed investments and divestments;
- quarterly reports of the Executive Board on the situation of the Company and the Group;
- financial position;
- net asset value;
- parent company and consolidated financial statements at December 31, 2018 and June 30, 2019 and Statutory Auditors' reports;
- dividend;
- presentation of the management report;
- reports of the Audit, Risks and Compliance Committee;
- quarterly financial information;
- management forecasts documents;
- financing;
- authorization of a bond issue;
- share buybacks;
- financial communications.

Corporate governance, ESG and compliance

- succession plans;
- Supervisory Board and Committees composition;
- talent management;
- professional and pay equality, notably in terms of recruitment, maternity leave and the pay gap;
- departure of Bernard Gautier;
- appointment of David Darmon to replace Bernard Gautier;
- reports of the Governance and Sustainability Committee;
- Executive Board compensation;
- grant of stock options and performance shares to Executive Board members and recognition of whether or not performance conditions have been met;

- promoting ESG as part of the Group's values and organizing ESG governance at Wendel level;
- review of the Group's ESG strategy;
- non-financial reporting;
- review of the Company's compliance with the Afep-Medef Code;
- Supervisory Board's operation and proceedings and a review of the Board's internal regulations;
- report of the Supervisory Board on Corporate governance;
- authorization of related-party agreements;
- Wendel's compliance program, including the implementation of anti-corruption measures (Sapin II law);
- resolutions submitted by the Executive Board to shareholders at the Shareholders' Meeting;
- capital increase reserved for members of the Group savings plan;
- charter for the evaluation of regulated related-party agreements and agreements relating to ordinary transactions under standard conditions.

2.1.1.5 Evaluation of the Supervisory Board and its committees

Recommendation 10 of the Afep-Medef Code advises the Board to "evaluate its capacity to meet the expectations of shareholders by periodically reviewing its composition, organization and operations (…)". Specifically, it suggests that the Board discuss its operations once a year and perform a formal evaluation at least once every three years.

This evaluation is overseen by the Governance and Sustainability Committee. It is conducted by an independent firm every three years and in the interim is conducted in the form of self-evaluation. Since the last external evaluation was in 2017, an independent firm will once again be contracted to evaluate the Supervisory Board in 2020.

In 2019, the Supervisory Board carried out a self-evaluation of its work based on a comprehensive questionnaire and one-to-one interviews with the Chairman of the Supervisory Board on a range of topics relating to the composition of the Supervisory Board, its operations and the main priorities for the next 3 years. A large number of positive and constructive comments were made by Board members.

The Chairman of the Governance and Sustainability Committee presented the conclusions of the Supervisory Board's evaluation on February 5, 2020. An agenda item was dedicated to the topic and certain actions for improving its work were identified, some of which were to have immediate effect. The principal conclusions of the 2019 evaluation are as follows:

Composition of the Board - The experience and skills identified as requiring strengthening on the Board will be sought among the candidates selected to join the Supervisory Board as recruitment needs arise.

Operations - The frequency of meetings and their content are deemed satisfactory. The decision was taken to extend the length of the sessions due to the topic content covered. In terms of their level of compensation, the members of the Board consider that it is appropriate.

Information – The Board expressed its satisfaction with the spirit of dialogue and transparency on the Executive Board, the opportunities to meet with key Wendel managers, the great quality of the discussions and information provided, including on investment or divestment proposals and on financial matters. More information on the competitive environment of the portfolio companies within the portfolio will also be shared with them.

Points of interest - The Board has expressed its interest for a periodic review of the Group's strategy, the preparation of the succession plans of the Supervisory Board and Executive Board, and for monitoring the portfolio companies, particularly in terms of digital transformation. In terms of ESG, a joint session of the Audit, Risks and Compliance Committee and the Governance and Sustainability Committee will be organized to discuss related risks and performance indicators.

2.1.2 Supervisory Board Committees

For the Board to discharge its responsibilities under optimal conditions, its internal regulations stipulate that discussions on certain topics should be prepared in advance by standing committees. There are two such committees: the Audit, Risks and Compliance Committee and the Governance and Sustainability Committee. The responsibilities of each committee are specified in the internal regulations of the Supervisory Board.

2.1.2.1 The Audit, Risks and Compliance Committee

Composition of the Audit, Risks and Compliance Committee

The Audit, Risks and Compliance Committee currently has 7 members.

The Chairman of the Supervisory Board is invited to attend each Audit, Risks and Compliance Committee Meeting.

All Audit,Risks and Compliance Committee members have the financial and accounting expertise necessary to be a member of the Committee, insofar as they occupy or have occupied senior executive positions in industrial or financial companies, as prescribed by recommendation 16.1 of the Afep-Medef Code. Guylaine Saucier is a member of the Quebec Chartered Professional Accountants Order. Franca Bertagnin Benetton manages a number of investments in her Family Office. Bénédicte Coste is Chair of a management company. Gervais Pellissier is Deputy Chief Executive Officer of Orange and former Chief Financial Officer of the same company. He was also Chief Financial Officer of Bull. Humbert de Wendel has been Treasurer of the Total Group. François de Wendel has held a number of senior management roles.

Guylaine Saucier, Gervais Pellissier, Jacqueline Tammenoms Bakker and Franca Bertagnin Benetton are the Committee's independent members, *i.e.* four members out of seven. The composition of the Audit, Risks and Compliance Committee does not currently comply with recommendation 16.1 of the Afep-Medef Code, which recommends that at least two-thirds of the members be independent (see the summary of Afep-Medef recommendations in section 2.1.3).

Responsibilities of the Audit,Risks and Compliance Committee

Pursuant to recommendation 16.2 of the Afep-Medef Code, to French decree No. 2008-1278 of December 8, 2008 pertaining to the Statutory Auditors, to the AMF's final report on Audit Committees published in July 2010, and to AMF Recommendation 2010-19, Wendel's Audit, Risks and Compliance Committee is principally responsible for monitoring:

- the process for preparing financial and non-financial information;
- the effectiveness of internal control and risk management systems;
- the audit of parent company and consolidated financial statements by the Statutory Auditors;
- the independence of the Statutory Auditors.

More specifically, and pursuant to Article XVI.i.b of the internal regulations of the Supervisory Board, the main tasks of Wendel's Audit, Risks and Compliance Committee are to:

- review all accounting and financial documents to be issued by the Company before they are published (in particular the periodic calculation of net asset value);
- ensure that the accounting policies chosen are appropriate and properly applied in the preparation of parent company and consolidated financial statements;
- ensure that the processes used to produce financial and non-financial information are rigorous enough to guarantee the reliability of this information;
- ensure the appropriate accounting methods are used for any significant or complex transaction realized by the Company;
- ensure that a process is in place for identifying and analyzing risks liable to have a material impact on accounting and financial information and particularly on the Company's assets;
- in terms of anti-corruption measures, review risk mapping and monitoring the implementation of action plans;
- review risk exposure, hear from internal audit and risk control managers and offer advice on the organizational structure of their departments;
- keep abreast of the internal audit program;
- monitor non-financial performance indicators;
- review information in non-financial reporting;
- serve as liaison with the Statutory Auditors and consult them regularly;
- oversee the Statutory Auditor selection process and submit its findings to the Supervisory Board, and issue a recommendation on the Statutory Auditors for shareholder approval at the Shareholders' Meeting;
- review the audit and consulting fees paid by the Group and Group-controlled companies to the Statutory Auditors and their networks and submit a report thereon to the Supervisory Board;

- examine any work that is accessory to or directly complementary to the audit of the financial statements (work directly related to the audit);
- inform the Supervisory Board of any observations it considers relevant from an accounting and financial point of view, in particular when the semi-annual and annual parent company and consolidated financial statements are finalized;
- review the Company's earnings releases;
- review any issues within its remit raised by the Supervisory Board.

Organization and procedures

The Audit, Risks and Compliance Committee meets as frequently as it deems necessary, and at least twice a year, prior to the Supervisory Board's review of the semi-annual and annual financial statements. The committee may hold meetings using videoconferencing or other telecommunications tools. It may, in the context of its responsibilities, examine a topic whenever it believes it is necessary and worthwhile to do so. The Audit, Risks and Compliance Committee has access to all the resources it considers necessary to discharge its responsibilities. To the greatest extent possible, its meetings are held sufficiently in advance of Board Meetings to allow for an in-depth examination of any subject requiring the committee's attention.

Accordingly, documents are addressed to committee members sufficiently in advance of each meeting. The Company's Chief Financial Officer presents the subjects on the agenda to committee members as well as any risks the Company faces and any off-balance-sheet commitments. Financial matters are presented by the Chief Financial Officer. Compliance risks, including anti-corruption measures, are presented by the Group's Chief Compliance Officer and non-financial risk by the Director of Sustainable Development. The Director of Internal Audit attends each Audit, Risks and Compliance Committee meeting and reports to it directly. He regularly presents risk mapping, audit plans and monitoring updates.

The Statutory Auditors are invited to each meeting. The Audit, Risks and Compliance Committee may interview any member of the Management as well as the Statutory Auditors in the absence of the Company's management.

The Committee may also hire experts to perform specific tasks falling within the scope of its responsibilities.

No members of the Company's Executive Board are present during the Committee's deliberations. The Chairwoman of the Audit, Risks and Compliance Committee presents a report at the next Supervisory Board meeting. The minutes of each Audit, Risks and Compliance Committee meeting are approved at the next Committee meeting.

The Audit, Risks and Compliance Committee met 6 times in 2019, with an average attendance rate of 88%. The meetings lasted an average of three hours each. Each of these Committee meetings Executive Board or the Executive Management present for part of the meeting (executive sessions).

The attendance rate for each member of the Committee is as follows:

Guylaine Saucier, Chairwoman of the Committee*	Member since June 4, 2010, Chairwoman since March 22, 2011	100%
Jacqueline Tammenoms Bakker*, Chairwoman of the Governance and Sustainability Committee	Since May 17, 2018	83%
Franca Bertagnin Benetton*	Since September 4, 2018	100%
Bénédicte Coste	Since August 28, 2013	83%
Gervais Pellissier*, Vice-Chairman and Lead member of the Board	Since June 5, 2015	83%
Humbert de Wendel	Since May 30, 2011	83%
François de Wendel	Since September 4, 2018	83%

* *Independent members.*

Caroline Bertin Delacour, General Secretary, was Secretary of the Audit, Risks and Compliance Committee in 2019. Since 2020, the Director of Internal Audit holds this position.

The Audit, Risks and Compliance Committee examined the following topics in 2019:

- net asset value and its calculation method;
- 2018 parent company and consolidated financial statements;
- first-half 2019 consolidated financial statements;
- accounting treatment of certain transactions and impairment tests;
- the Statutory Auditors' reports;
- Wendel's liquidity and debt situation and that of its subsidiaries;
- anti-corruption measures within the framework of the implementation of the "Sapin 2 Law";
- approval of non-audit assignments for the Statutory Auditors, and monitoring of their work;
- review of certain subsidiary risks;
- risk mapping and internal control measures;
- internal audit plan;
- validation of the quantitative factors used to determine the extent to which the Executive Board has met its objectives;
- validation of the performance conditions for Executive Board members' stock options and performance shares;
- non-financial performance indicators;
- non-financial reporting;
- review of disputes, the tax situation and off-balance-sheet commitments;
- I.T. and cybersecurity risks;
- review of auditing and non-auditing fees and statement of independence of Statutory Auditors.

2.1.2.2 The Governance and Sustainability Committee

Composition of the Governance and Sustainability Committee

In 2020, the Governance and Sustainability Committee, which includes the functions of an appointment committee and a compensation committee, added ESG strategy to its remit.

It currently has 6 members, including one employee representative. Three out of five members (not including the employee representative), or 60%, are independent: Jacqueline Tammenoms Bakker, Chairwoman, Guylaine Saucier, and Nicholas Ferguson. The composition of the Governance and Sustainability Committee complies with recommendations 17.1 and 18.1 of the Afep-Medef Code, which prescribes a majority of independent members and an independent Chairman.

The Chairman of the Supervisory Board was invited to attend each Governance and Sustainability Committee meeting.

Remit of the Governance and Sustainability Committee

Pursuant to Article XVI.ii.b of the internal regulations of the Supervisory Board, the tasks of the Governance and Sustainability are as follows:

- propose new members of the Executive Board or the renewal of the Executive Board to the Supervisory Board;
- propose candidates for Supervisory Board appointments after reviewing all factors that must be taken into account: desired balance on the Board given the composition of, and changes in, the Company's shareholding, particularly the legitimate number of independent members and promotion of gender equality, possible candidates;
- draw up succession plans for the Supervisory Board and Executive Board;
- propose the current and deferred (termination benefits) compensation of Executive Board members, whether fixed or variable, including benefits in kind and the granting of stock options or performance shares and pensions;
- examine Executive Board proposals involving stock options, the granting of performance shares, and other bonus programs for Company employees;
- propose to the Supervisory Board the general principles of the co-investment policy for Executive Board members and the management team, for decision by the Board, and examine the terms and conditions proposed by the Executive Board;
- propose the compensation package for the Chairman of the Supervisory Board;
- propose methods for allocation of compensation among Supervisory Board members;
- express an opinion on any question related to the governance of the Company or the functioning of its governing bodies;
- guide the evaluation of the Supervisory Board's composition and operations
- examine the commitments and orientations of the Company's ESG policy, oversee its implementation and more generally ensure ESG issues are taken into account in the Company's strategy and its implementation;
- reviewing compliance with the Afep-Medef Code and best practices of governance;
- ensuring the implementation of measures to prevent and detect corruption and influence peddling; and
- review any question concerning business ethics raised by the Supervisory Board and members of the Executive Board.

Organization and procedures

The Governance and Sustainability Committee met 11 times in 2019: 5 scheduled meetings and 6 *ad hoc* meetings for specific projects. The average attendance rate was 97% in the case of scheduled meetings and 78% in the case of *ad hoc* meetings. The meetings lasted on average 2 hours and 40 minutes. The Executive Board is not present at any of the meetings except where clarifications are required on a given subject.

The employee representative on the Supervisory Board does not attend meetings about the succession plan.

The attendance rate for each member of the Committee is as follows:

		Scheduled meetings	***Ad hoc* meetings**
Jacqueline Tammenoms Bakker*, Chairwoman	Member from June 5, 2015, Chairwoman since May 17, 2018	100%	100%
Nicholas Ferguson*	Since July 5, 2017	100%	67%
Priscilla de Moustier	Since October 23, 2013	100%	100%
Guylaine Saucier*, Chairwoman of the Audit, Risks and Compliance Committee	Since October 23, 2013	100%	100%
Sophie Parise, member representing employees	Since September 5, 2018	80%**	17%**
Édouard de l'Espée	Since July 4, 2018	100%	83%

* *Independent members.*
** *As the employee representative on the Board, Sophie Parise did not attend meetings about the succession plan.*

The Committee may call upon recognized independent experts to help it carry out its assignments.

The agenda and other necessary documents and reports are sent to committee members about one week prior to each Committee Meeting. The Chairwoman of the Governance and Sustainability Committee presents a report at the following Supervisory Board Meeting. The minutes of each Governance and Sustainability Committee Mmeting are approved at the following Committee meeting.

The Secretary of the Governance and Sustainability Committee is Caroline Bertin Delacour, General Secretary.

The following topics were addressed during Governance and Sustainability Committee meetings in 2019:

- setting variable compensation of Executive Board members for 2018;
- setting compensation of Executive Board members for 2019;
- drawing up a succession plan for the Executive Board, reviewing "360" evaluations, reviewing applications;
- departure from the Executive Board of Bernard Gautier;
- appointment of David Darmon to the Executive Board and setting his compensation;
- review of Wendel's compliance policies;
- review of the Group's ESG strategy;
- process of renewal of Board members, skills matrix of Board members and review of proposed candidates for the Board;
- capital increase for the Group savings plan and allocation of shares to the Executive Board members;
- review of governance issues and in particular answers to questions of the French High Committee on Corporate governance;
- compliance of the Company with the Afep-Medef Code, and particularly the independence of Board members;
- report of the Supervisory Board on Corporate governance;
- review of investor requests on governance and ESG and preparation for the Shareholders' Meeting;
- evaluation of the operations and work of the Supervisory Board.

To further improve dialogue with Wendel's main investors as well as with the main proxies, the Chairwoman of the Governance and Sustainability Committee participated in governance road shows organized by the Investor Relations department and the General Secretariat in February 2020.

This direct dialogue, which enables better mutual understanding of each other's expectations, was begun in 2019. The various topics addressed include the composition of the Supervisory Board, the compensation of members of the Executive Board and Supervisory Board and consideration of ESG-related issues.

2.1.3 Corporate governance statement

In 2008 the Company adopted the Afep-Medef Corporate governance Code for listed companies, which was revised in June 2018 and January 2020. This Code is available on the Medef website at the following address: www.consultation.codeafepmedef.fr.

At its meeting of February 5, 2020, the Supervisory Board examined the Company's situation with regard to the Afep-Medef Code.

In accordance with AMF recommendation 2012-02 on Corporate governance and top management compensation, the following table summarizes the recommendations in the Code that the Company does not apply.

Proportion of independent members on the Audit, Risks and Compliance Committee	Four out of the Audit, Risks and Compliance Committee's seven members are independent, bringing the proportion of independent members to 57%. The Supervisory Board is not in a position to change the composition of the Audit, Risks and Compliance Committee in the immediate future, but it is already foreseen that any change will be in the form of an increase in the proportion of independent directors of the Audit, Risks and Compliance Committee until the threshold of 2/3 is reached. In any case, the Audit, Risks and Compliance Committee is chaired by an independent member of the Supervisory Board; it works strictly independently, both from the main shareholder and Wendel's management, and takes the advice of independent experts when it deems this necessary.

2.1.4 The Executive Board and its operations

2.1.4.1 Composition of the Executive Board

The Executive Board is composed of a minimum of two and a maximum of seven members.

The Executive Board is made up of two members: André François-Poncet, its Chairman, and David Darmon.

During its November 16, 2017 meeting, the Supervisory Board appointed André François-Poncet as Chairman of the Executive Board effective January 1, 2018 for the remainder of Frédéric Lemoine's term, *i.e.* until April 6, 2021.

Bernard Gautier has been appointed to the Executive Board on numerous occasions for the periods April 7, 2009 to April 6, 2013, April 7, 2013 to April 6, 2017 then April 7, 2017 to September 9, 2019, the date on which he left the Executive Board.

During its September 9, 2019 meeting, the Supervisory Board appointed David Darmon to Wendel's Executive Board effective from that date, and for the remainder of Bernard Gautier's term, *i.e.* until April 6, 2021.

Executive Board members, with the exception of its Chairman, may have an employment contract with the Company which remains in force during and after the member's term on the Executive Board. This is the case for David Darmon (see section 2.2.2.2, paragraph "Position of executive corporate officers with respect to Afep-Medef recommendations"). Conversely, André François-Poncet, the Chairman of the Executive Board, does not have an employment contract, in accordance with the Afep-Medef Code.

Members of the Executive Board are appointed and can be removed by the Supervisory Board. The term of their appointment is four years. The age limit for members of the Executive Board is 70. Removal of a member of the Executive Board does not cause his or her employment contract, if applicable, to be terminated.

Christine Anglade Pirzadeh, Director Sustainable Development and Communications, has been Secretary of the Executive Board since June 2013 and Executive Board advisor since 2020.

No conviction for fraud, official public incrimination and/or public sanction or liability for bankruptcy during the previous five years

To the Company's knowledge and as of the date of this Universal Registration Document, with the exception of below mentioned event, in the last five years no member of the Executive Board: (i) has been convicted of fraud or been the subject of an official public incrimination and or/public sanction handed down by statutory or regulatory authorities (ii) has been associated with bankruptcy, sequestration, a liquidation or court-ordered administration; (iii) has been prohibited by a court from holding a position on a governing or supervisory body of an issuer or from being involved in the management or conduct of business of an issuer.

In the context of unwinding a mechanism linking employees to Group performance in 2007, David Darmon, along with other Wendel employees and former employees, is involved in legal proceedings relating to their personal tax situations (see Note 15-1 to the consolidated financial statements).

Conflicts of interest, family ties and service contracts

André François-Poncet and David Darmon held and hold directorships in some of the Group's subsidiaries and associated companies.

To the Company's knowledge, as of the date of issue of this Universal Registration Document, there is no conflict of interest between the private interests or other obligations of the members of the Executive Board and their obligations with regard to the Company.

No Executive Board member has been selected during his term of office as a Wendel client or supplier nor is any member tied to the Company or to one of its subsidiaries by a service contract.

Executive Board members have no family ties with the Supervisory Board members.

Restrictions on the sale of shares held by the members of the Executive Board are described in section 2.1.7.1 "Market ethics".

André FRANÇOIS-PONCET

Chairman of the Executive Board

Date first appointed to the Executive Board: January 1, 2018

Current term expires on: April 6, 2021

Born on June 6, 1959

French nationality

Business address:
89, rue Taitbout
75009 Paris
France

Career path:

André François-Poncet is a graduate of HEC and has an MBA from Harvard Business School. He began his career in 1984 with Morgan Stanley, first in New York and then London and finally Paris where he was in charge of setting up the Morgan Stanley Paris office. After 16 years with Morgan Stanley, he joined BC Partners (Paris and London) in 2000, as a Managing Partner until December 2014 and then as a Senior Advisor until December 2015. He was a Partner at CIAM from 2016 to 2017, and then became Chairman of Wendel's Executive Board and Group CEO in January 2018.

Appointments as of December 31, 2019:

Wendel Group:

Vice-Chairman of the Board of Directors of Bureau Veritas

Chairman of Trief Corporation SA

Director of Winvest Conseil SA

Other:

Director of AXA (listed company)

President of Harvard Business School's France Club and member of the school's European Advisory Board

Member of the Bureau of the Club des Trente

Mandates expired in the last five years:

Chairman and Chief Executive Officer of LMBO Europe SA

Number of Wendel shares held as of December 31, 2019: 8,092

David DARMON

Member of the Executive Board

Date first appointed to the Executive Board as Deputy Group CEO:
September 9, 2019

Current term expires on: April 6, 2021

Born on December 18, 1973

French nationality

Business address:
89, rue Taitbout
75009 Paris,
France

Career path:

David Darmon is a graduate of Essec and holds an MBA from Insead. He began his career in London at Goldman Sachs in mergers and acquisitions in 1996 before joining Apax Partners in 1999 as Head of Investments, where he specialized in LBO transactions for six years.

David Darmon joined Wendel in 2005 and has managed numerous investments for the Group over the past 15 years. In particular, he participated in the investment and oversight of companies such as Allied Barton (now Allied Universal), CSP Technologies, Deutsch, Stallergenes and Crisis Prevention Institute. In his work for Wendel Lab, he also initiated several investments in the technology sector. David opened Wendel's New York office (Wendel North America) which he has managed since 2013. David has also served as Wendel's corporate Secretary to the Supervisory Board.

Appointments as of December 31, 2019:

Wendel Group:

Director of IHS

Mandates expired in the last five years:

Wendel Group:

Director of Allied Universal

Director of CSP Technologies

Number of Wendel shares held as of December 31, 2019: 34,075

2.1.4.2 Executive Board operations

In accordance with Article 20 of the by-laws, Executive Board meetings are held at the head office or at any other venue specified by the Chairman in the meeting notice. The agenda can be amended at the time of the meeting. Meeting notices can be sent out by any means, including verbally, without advance notice if necessary. In the event of a tie, the Chairman casts the deciding vote. Minutes of Executive Board meetings are recorded in a special register kept at the head office and signed by the members of the Executive Board who took part in the meeting.

The Executive Board met 28 times in 2019.

During its meetings, it discussed the following issues in particular:

- investment and divestment opportunities, including:
  - the divestment of PlaYce, the divestment of part of Wendel's stake in Allied Universal, and of almost all of its Saint-Gobain shares,
  - the acquisition of Crisis Prevention Institute;
- the Group's financial position;
- reinvestments, particularly in Cromology and Tsebo;
- subsidiaries and their associated companies or divestments;
- refinancing, particularly of Allied Universal and Stahl.

The following topics were addressed on a regular basis during the year:

- the Company's overall strategy and positioning;
- performance by portfolio companies and possible changes in their management teams;
- account closings and periodic financial information;
- the share buyback program and the share capital reduction;
- bond issues;
- ESG strategy;
- cash management and exchange rate risks;
- risk mapping;
- financial communication issues:
  - net asset value,
  - roadshows,
  - Investor Day;
- internal organization and labor issues:
  - the appointment of three deputy CEOs,
  - the organization of teams,
  - the career development of the Company's employees,
  - ethics and the Company's compliance program, in particular the implementation of the Sapin 2 Law for preventing corruption and influence peddling, the GDPR regulation and the Duty of Care,
  - sustainable development,
  - training plans,
  - compensation policy,
  - allocation of stock options and performance shares and the capital increase reserved for employee members of the Group savings plan, subject to approval by shareholders at their Shareholders' Meeting,
  - insurance and pension plans;
- succession plans;
- Group governance and the preparation of the Executive Board's quarterly reports to the Supervisory Board;
- preparation of the Shareholders' Meeting and dividend policy;
- IT, cybersecurity and digital.

2.1.5 Internal organization

Led by the Executive Board, Wendel's management team is composed of men and women with diverse and complementary career paths. To make sure that decisions are made as a team, a Coordination Committee meets every two weeks, ensuring smooth communication at all times within the international team of nearly 100 people across the Wendel's six offices. The team is articulated around two key committees: the Investment & Development Committee and the Management Committee.

2.1.5.1 Executive Vice-Presidents

In September 2019, three executive Vice-Presidents were appointed to support the Executive Board. They do not have corporate officer status and may not enter into binding agreements on behalf of the Company.

Jérôme Michiels

Executive Vice-President, Managing Director, Chief Financial Officer, Director of Operational Resources

Jérôme Michiels joined Wendel at the end of 2006. From 2002 to 2006, he was a *chargé d'affaires* with the investment fund BC Partners. Prior to that, he worked as a consultant in the Boston Consulting Group from 1999 to 2002, carrying out strategic missions in Europe, particularly in the fields of distribution, transportation, telecommunications, and financial services. After ten years on the investment team, he took over the responsibility for Wendel's Finance department in October 2015. He is a graduate of HEC.

Josselin de Roquemaurel

Executive Vice-President, Managing Director, co-head of investment activity in France, Belgium, and Switzerland

Josselin de Roquemaurel joined Wendel in April 2018. From 2005 to 2017 he worked for Kohlberg Kravis Roberts & Co. in London, most recently as Director in charge of Private Equity business in France. He was an analyst then Associate in Corporate Finance at JPMorgan in London from 2001 to 2005. He is a graduate of the École Normale Supérieure de Fontenay/St Cloud and HEC.

Félicie Thion de la Chaume

Executive Vice-President, Managing Director, CEO of Wendel London

Félicie is a graduate of ESCP Europe and began her career at Goldman Sachs on the firm's French M&A team between 2003 and 2006. In 2007, she then joined the Wendel Paris investment team as an Associate. In 2016 she relocated to the United Kingdom where she helped open the London office dedicated to generating and monitoring investment opportunities in Europe.

2.1.5.2 Investment & Development Committee

Made up of the Executive Board, three Deputy CEOs, three Managing Directors and the CEO of Winvest Conseil SA, it meets every fortnight and more frequently if needed, to work on selecting and analyzing the Group's investments. It examines plans to divest assets and regularly reviews the position of the main companies within the portfolio, Wendel's investment policy and the performance of employees in the investment team. It is made up of 2 women and 7 men.

2.1.5.3 Management Committee

It meets every fortnight and is made up of the members of the Executive Board, the executive Vice-President Chief Financial Officer, the General Secretary, the Tax Director and the Director of Communication and Sustainable Development and the Human Resources Director. It makes decisions regarding the organization and the Group's day-to-day operations, involving, where appropriate, other relevant people. It is made up of 3 women and 4 men.

2.1.5.4 The Coordination Committee

It meets twice a month and is made up of the members of the Investment & Development Committee and the Management Committee as well as Wendel's other principal managers worldwide. Its role is to act as a hub of cross-company information and sharing to ensure the free flow of information throughout the Group. It is made up of 4 women and 17 men.

2.1.5.5 Locations

Wendel has offices for its holding companies and service activities. The oldest locations are in France (since 1704), and Luxembourg (since 1931). In 2013, the Group continued its international expansion, establishing a presence in New York, Singapore and Casablanca. In 2015, Wendel opened an office in London to take advantage of the international nature of the opportunities available on that market and to provide the Group with overall coverage of the European market.

Paris

Wendel's head office is located in the ninth arrondissement of Paris, at 89 rue Taitbout. The Paris office is home to part of the Group's corporate and investment teams.

Luxembourg

Wendel has been present in Luxembourg since 1931 through Trief Corporation. This is a holding company for the Group's unlisted investments. These were held indirectly through Luxembourg regulated investment vehicles (SICARs) until the end of 2019, when these companies were turned into Reserved Alternative Investment Funds (RAIFs) to streamline their management. This is assigned to a Luxembourg company, Winvest Conseil SA, which has been approved as an alternative investment funds manager since mid-2015 (see also section 2.2.4.). The Group co-invests from Luxembourg with third-party partners in certain companies, such as IHS or Constantia Flexibles. These various entities each have their own teams and governance, including independent directors.

London

In 2015, in order to take advantage of the international nature of the opportunities available on the London market, Wendel opened an office there to provide the Group with overall coverage of the European market and to attract talent.

New York

Wendel North America investigates potentially attractive investments for the Group in North American companies looking for a long-term shareholder. North America is the world's biggest private equity market in terms of investment opportunities. Wendel opened an office in New York in 2013 and has made a number of investments there.

Casablanca

In 2012, Wendel decided to invest in Africa and started by becoming the biggest shareholder in IHS, the region's leading provider of telecom infrastructure.

Singapore

Wendel began to lay the groundwork for long-term investing in Asia back in 2008. Wendel Singapore aims to assist in the development and analysis of companies concerned by the region.

2.1.5.6 Teams

Wendel's team leaders and principal members

♦ Management Committee

■ Investment & Development Committee

✶ Coordination Committee

Olivier Allot ✶

Director of Financial Communication and Data Intelligence

Olivier Allot joined Wendel in 2007. He started his career began in 1996 at the Société des Bourses Françaises – Paris Stock Exchange. For four years, he served as the organization's spokesperson and was then in charge of investor relations until 2007. In this capacity, he contributed actively to the combination of the Paris, Amsterdam, Brussels and Lisbon stock exchanges and the merger of Euronext and the NYSE. He has a Master's in Management Sciences and an advanced engineering degree in Banking, Finance and Insurance from the Sorbonne, Paris I, as well as a financial analyst diploma from the SFAF and CEFA and an MBA in Strategic Management and Economic Intelligence from the Economic Warfare School.

Christine Anglade Pirzadeh ♦ ✶

Director of Sustainable Development and Communications, Advisor to the Executive Board

Christine Anglade Pirzadeh joined Wendel in 2011. She was previously Director of Communications at the Autorité des marchés financiers (AMF) from 2000. From 1998-2000 she served as Media Director for the French prime minister. She began her career on the editorial team of Correspondance de la Presse. She holds a Master's degree in European and International Law from the University of Paris I and a Master's degree (DEA) in Communication Law from the University of Paris II.

Caroline Bertin Delacour ♦ ✶

General Secretary, Ethics Officer, Chief Group Compliance Officer, Secretary of the Supervisory Board

Before joining Wendel in 2009 as Director of Legal Affairs, Caroline Bertin Delacour practiced law for over 20 years, specializing in tax and business law at the law firms of Cleary Gottlieb Steen & Hamilton and August & Debouzy. She was appointed General Secretary of Wendel on January 1, 2015.

She holds a Master's degree in Business Law from Université de Paris II Panthéon-Assas, a postgraduate degree in Applied Tax Law from Université de Paris V René-Descartes, and an LLM from New York University.

Stéphanie Besnier ■ ✶

Managing Director, co-head of investment activity in France, Belgium, and Switzerland, responsible for Wendel Lab

Stephanie Besnier joined Wendel in 2007. She was previously an analyst at BNP Paribas in London from 2001 to 2002. From 2003 she worked in the Treasury department of the French Ministry of Finances, where she was in charge of Latin American countries, and then in the Agence des Participations de l'État. She then worked for the agency that manages the French State's equity holdings. She is a graduate of École polytechnique, Corps des Ponts et Chaussées.

Benoît Drillaud ✶

Deputy CFO

Benoît Drillaud joined the Wendel Finance department in September 2004 after five years at PricewaterhouseCoopers as an auditor. He holds a Master's in Finance from ESCP and a Master's degree (DEA) in economics from Université Paris 1 Panthéon-Sorbonne.

Bruno Fritsch ✶

Managing Director and Operating Partner

Having joined Wendel in 2007, Bruno Fritsch was in charge of developing the Group's activities in the Asia-Pacific region. After having successfully completed a number of divestments and restructurings within the Group, he is now Operating Partner, focusing mainly on value creation and digital transformation within Group companies. He began his career at Bain & Company, where he spent six years in Europe and the United States, mainly in the TMT and Private Equity sectors. He went on to hold business development positions in Hong Kong and Shanghai as Vice President of Asian Business Bridge, a small business accelerator in Asia. He is a graduate of Essec and holds an MBA from the Rotterdam School of Economics.

Étienne Grobon ✶

Director of Internal Audit

Étienne joined Wendel in 2018 as Director of Internal Audit. Before joining Wendel, Étienne spent eight years as Senior Director (Audit and Insurance) at Dassault Systèmes in Paris. He led the Group team in all relevant areas (audit & internal audit). He was also responsible for the global insurance program. He previously spent over fifteen years working in the audit and risk management sectors. First, at the Bouygues Group, then at Andersen (formerly, Arthur Andersen), leading the Sarbanes-Oxley compliance projects. Finally, he was a member of the team which founded the Protiviti firm in France where he was Director responsible for Internal Audit and Risk Management. Etienne is a graduate of HEC Paris.

Jean-Yves Hemery ✶ ■

Co-head of Winvest Conseil, Chairman of Wendel Luxembourg

Jean-Yves Hemery joined the Wendel Group in 1993 as Deputy General Secretary at Marine-Wendel, after seven years spent working for the French tax authority and three years at Pechiney. He is a graduate of École nationale des impôts and also holds a degree in Economics. He was appointed International Delegate of Oranje-Nassau in December 2012 where he is responsible for coordinating the company's international administrative and financial development. He has been Chairman of Wendel Luxembourg since 2020.

Stéphane Heuzé ■ ✶

Managing Director, CEO of Wendel Africa

Stéphane Heuzé joined the Wendel Group in September 2014. He began his career with BCG (The Boston Consulting Group) in Paris. He then spent two years at Goldman Sachs in London, as part of the team managing private equity, mezzanine and secondary debt. In 2009, he returned to BCG to help develop its presence in Africa and open its office in Casablanca. He graduated from École des mines de Paris and holds an MBA from Harvard Business School.

Peter Meredith ♦ ✶

Tax Director

Peter Meredith joined Wendel on March 1, 2013. He has previously held the position of Tax Director of the Bouygues Construction Group (2005-13), of CapGemini (2000-05), and of the GTM Group (1989-2000). Throughout his career, Peter Meredith has been in charge of tax issues related to both French and international contexts. He holds a Master's degree (DEA) in comparative law.

Alexina Portal ♦ ✶

Director of Human Resources

Alexina Portal joined the Wendel Group in 2020 to head up the Group's development in human resources. A graduate of INSEAD (IEP) and with a doctorate in organizational behavior, Alexina Portal has spent the last 25 years working on various international organizational transformation and development projects.

Claude de Raismes ✶

Chief Executive Officer of Winvest Conseil

Claude joined the Group's investment team in 2009 as an analyst, became an Associate and then investment manager. He has been co-head of Winvest Conseil since March 1, 2019 and Chief Executive Officer since January 1, 2020. He is also secretary of the Investment & Development Committee. Previously, he had experience in financial auditing at Deloitte in Paris. He was then an analyst at UBS Investment Bank from 2007 to 2009 where he notably participated in the financing of leveraged buyouts (LBO). Claude is a graduate of HEC business school and holds a master's degree in modern literature and a master's degree in econometrics.

Adam Reinmann ■ ✶

Managing Director, CEO of Wendel North America

Adam Reinmann joined Wendel in 2013. He began his career in the JPMorgan Group and went on to work at Onex, a leading Canadian investment company, prior to joining Wendel. At Onex, he participated in the acquisitions of The Warranty Group, Skilled Healthcare, Cypress Insurance Group, RSI Home Products and JELD-WEN Holding, Inc. During 2009, Adam served as a member of the executive management team of an Onex operating company (Celestica), where he was involved in business development and operational improvement. He holds an MBA from the Columbia Business School and a B.S. from Binghamton University.

Jérôme Richard ✶

Operating Partner

Jérôme joined Wendel in 2019. He began his career at the Boston Consulting Group in Paris and New York, where he spent eight years leading on operational transformation and turnaround projects, mainly in the healthcare and industrial sectors. He then joined Schneider Electric in 2010 as Vice-President of Group Purchasing before becoming Vice-President of Sales and Business Development in 2014. In 2016, Jérôme was appointed CEO of John Paul (a concierge service and customer relations service operator subsequently sold to the Accor Group) to accelerate its overseas expansion, restructure its call centers and develop its digital platform. He is a graduate of Centrale Supélec.

Michel Tournier ✶

IT Strategy and Digital Transformation Director

Prior to joining Wendel, Michel was Director of IT Systems - Technology Core Solution Group | EMEA/APAC at Ingram Micro Commerce & Lifecycle Services. Michel has over 23 years' experience managing IT systems in several industry sectors: at Cofidis in 1996, he took part in the creation of subsidiaries in Portugal and Argentina for 5 years, before spending 3 years with Louis Vuitton in Latin America in the role of Regional CIO, followed by several roles with the Shiseido Group. In late 2012, he joined Anovo as Group CIO, where he spent three years.

Sébastien Willerval ✶

Director of Legal Affairs

Sébastien Willerval began his career in BNP's Tax and Legal department in 1998, before moving to Ernst & Young Corporate Finance at the end of 1999. He holds a postgraduate degree (DESS) in Business Law and Taxation from Université Paris I Panthéon-Sorbonne and a Master's degree in private law with a specialization in corporate law and taxation from the Université Paris II Panthéon-Assas. He joined Wendel in 2002 and was made Director of Legal Affairs in January 2015.

2.1.6 Division of powers between the Executive and Supervisory Boards

At the Shareholders' Meeting of May 31, 2005, Wendel adopted a dual governance structure with an Executive Board and a Supervisory Board.

The Executive Board has the broadest powers to act on the Company's behalf under all circumstances. It exercises these powers within the limits of the Company's purpose and as long as they have not been expressly attributed to shareholders or the Supervisory Board. It sets and oversees the Company's strategic priorities, in accordance with its corporate interests and taking into consideration the social and environmental implications of its business. The Chairman of the Executive Board and, if applicable, the Executive Board member or members designated as CEO by the Supervisory Board, represent the Company in its relations with outside parties. Currently, only the Chairman of the Executive Board represents the Company in its dealings with third parties notwithstanding any special delegated powers. The Company is bound even by actions of the Chairman or CEOs that do not comply with the Company's purpose, unless the Company can prove that the third party knew, or that given the circumstances, must have known, that the action was outside of the scope of the Company's purpose.

The Executive Board may vest one or more of its members or any non-member with special, ongoing or temporary assignments that it has determined and may delegate to them for one or more set purposes, with or without the option to sub-delegate, the powers that it deems necessary.

The Executive Board draws up and presents the strategy and the reports mentioned below to the Supervisory Board, as well as annual and semi-annual financial statements, as prescribed by law.

The Executive Board, after discussion with the Supervisory Board, sends out the notice of Shareholders' Meetings and, if applicable, any other meeting, and draws up the agenda of these meetings, without prejudice to the provisions of Article 15 of the by-laws.

The Executive Board ensures that the draft resolutions it submits to shareholders at their Shareholders' Meeting regarding the composition or the proceedings of the Supervisory Board accurately reflect the Supervisory Board's decisions.

The Executive Board executes all decisions made at these meetings.

The Supervisory Board exercises ongoing oversight of the Executive Board's management of the Company, pursuant to Article L 225-68 of the French Commercial Code and Article 14 of its internal regulations. Throughout the year, it performs the checks and controls it deems appropriate and may request any document it considers necessary to fulfill its duties. The Supervisory Board may mandate one or more of its members to carry out one or more assignments of its choosing. In the circumstances it deems necessary, the Supervisory Board may call a Shareholders' Meeting. In this case, it sets the meeting's agenda.

At least once every quarter, the Executive Board presents to the Supervisory Board a detailed report on the Company's situation and outlook. In particular, it reports on the performance and the development strategy of the companies in its portfolio (including their sales and financial position), planned or completed financial transactions and any other transactions likely to significantly impact the Company.

Within three months after the close of each financial year, the Executive Board submits the parent company and consolidated financial statements for the year to the Supervisory Board for verification, along with the management report to be presented to shareholders at their Shareholders' Meeting. The Supervisory Board reports its observations on the Executive Board's report and on the annual parent company and consolidated financial statements to the shareholders. The Executive Board also presents the semi-annual financial statements to the Supervisory Board, as well as the documents containing management forecasts.

The Executive Board finalizes and presents to the Supervisory Board the net asset value (NAV) per share, which measures the Company's creation of value (see section 5.3). As often as necessary, it also reports to the Supervisory Board on the Company's balance sheet and the type and maturity of its bank and bond debt.

The Supervisory Board is kept regularly informed of the financial and non-financial risks the Company assumes and the measures the Executive Board takes to address them (see Chapter 3 below and notes 5 to the consolidated financial statements). It is also informed about changes in the share capital and voting rights, as well as the Company's proposed acquisitions or divestments.

Prior approval of the Supervisory Board is required for the transactions specified in Article 15 of the Company's by-laws:

- any transaction, including an acquisition or divestment by the Company (or an intermediate holding company), exceeding €100 million, as well as any decision permanently affecting the future of the Company or its subsidiaries;
- divestment of real property of more than €10 million per transaction;
- granting of security interests, guarantees, endorsements and collateral of more than €100 million per transaction;
- any proposal to shareholders to change the by-laws;
- any transaction that may lead, immediately or at a later date, to a capital increase or reduction of capital through the issuance of securities or cancellation of shares;

- any proposal to shareholders regarding the appropriation of earnings or the distribution of dividends, as well as any interim dividend;
- any merger or spin-off that the Company would be party to;
- any proposal to shareholders regarding a share buyback program;
- any proposal to shareholders regarding the appointment or re-appointment of the Statutory Auditors;
- any contract subject to Article L 225-86 of the French Commercial Code.

Significant divestments are not required to be submitted to shareholders at their Shareholders' Meeting. According to the AMF, when a company's primary activity is to acquire and manage equity investments, divestments - even significant ones - clearly fall within its normal operating cycle, so the market and shareholders can foresee them. Wendel is therefore not required to present significant divestments to its shareholders.

The Supervisory Board appoints, and has the power to revoke, members of the Executive Board. It set their level of compensation as well as terms (current or deferred, fixed or variable). It sets stock-option and performance share grants allocated to Executive Board members, as well as the relevant performance and holding conditions. In all of these cases, the Board votes on the recommendation of the Governance and Sustainability It is the Executive Board's responsibility to set employee stock option and performance share grants, the grant dates, and the details of the plans.

Based on the opinion of the Governance and Sustainability Committee, the Supervisory Board sets the general principles of the co-investment policy for the members of the Executive Board and the management team and authorizes the co-investment of Executive Board members (see note 4-1 to the consolidated financial statements). The Executive Board determines the allocations of the management team.

2.1.7 Compliance and ethical issues involving the Group's governing and supervisory bodies

Since 2009, Wendel's obligations in terms of confidentiality, abstention from transactions involving Wendel shares and investments, market information and conflicts of interest have been governed by Market Confidentiality and Ethics Code. It applies to members of the Executive Board and the Supervisory Board as well as Company employees. This Code has been regularly reviewed by the Executive Board, particularly in 2014 to comply with Market Abuse Regulation No. 596/2014.

Wendel's Market Confidentiality and Ethics Code defines the rules for managing conflicts of interest and the responsibilities of the Ethics Officer. Since July 24, 2009, the role of Ethics Officer has been filled by Caroline Bertin Delacour, Wendel's General Secretary.

The Executive Board has also adopted a Code of Ethics recently updated, and a compliance program through targeted policies (anti-corruption and influence-peddling policy, anti-money laundering policy, international sanctions policy) (see section 4.2.5). The compliance program applies to corporate officers.

2.1.7.1 Market ethics

Registered shares

Shares or any other securities issued by the Company or by its listed subsidiaries and associates, which are held or may be held by members of the Executive Board or the Supervisory Board or any related person, such as their spouse or dependent children, must be held in registered form.

Blackout periods

Executive and Supervisory Board members are bound by strict confidentiality rules regarding specific, non-public information that could have a material impact on the price of shares or of any other listed security of the Company. This information is considered to be privileged.

The confidentiality requirement applies in particular to any privileged information that the members may have about a company in which Wendel is considering an investment.

When members of governing and supervisory bodies are in possession of privileged information, they must refrain from carrying out, directly or indirectly, on their own behalf or on behalf of another party, any transaction involving the Company's shares or any other of its listed securities.

This same restriction on trading is required during certain so-called "blackout" periods during which the Company publishes its annual and semi-annual financial statements, quarterly revenue, and net asset value (NAV, see section 5.3). These periods are as follows: for the publication of annual and semi-annual financial statements, from 30 days before to 24 hours after their publication; for quarterly revenue and NAV, from 15 days before to 24 hours after their publication.

Trading is also restricted during any other period communicated by the Company's Ethics Officer.

Unless specified to the contrary, these blackout periods end upon the publication of the information in question, in an official notice and/or a press release that is effectively and fully disseminated.

In addition, members of the Company's management and supervisory bodies must also refrain from trading in the securities of listed and unlisted Wendel Group subsidiaries and associates. This restriction does not apply to shares held by the directors to fulfill obligations imposed by legislation or the by-laws or in accordance with any recommendations issued by the Company in which they serve as director. This restriction also does not apply to the payment of a dividend in kind in the form of shares in subsidiaries or associates held in the Company's portfolio. Individuals holding such shares may keep them or sell them, as long as they comply with the Company's Market Confidentiality and Ethics Code.

When necessary, members of the Company's governing and supervisory bodies are included on the lists of insiders drawn up by the Company's Ethics Officer. These lists are made available to the AMF and kept for at least five years from the date they were drawn up or updated.

Transactions carried out by executives

Executive and Supervisory Board members and parties related to them are required to report to the AMF, electronically and within three trading days of execution, all reportable transactions in shares of the Company and in related instruments. This notification is also sent to the Company's Ethics Officer. The Company has been publishing all of these transactions on its website since 2005.

Restriction on the sale of Wendel shares by Supervisory and Executive Board members

To the Company's knowledge, members of the Supervisory and Executive Boards have accepted no restrictions on the divestment of their shareholdings in the Company, with the following exceptions:

- in accordance with the by-laws of the Company, each member of the Supervisory Board must hold 500 fully paid-up shares;
- the obligation for each member of the Executive Committee to hold their shares, particularly those held through the exercise of their stock option or vesting of their performance shares, until they have a shareholding of at least 25,000;
- Executive Board members may not exercise their options or sell the corresponding shares during the 30-day period preceding the publication of annual or semi-annual financial statements, or on the day following this publication, in accordance with the Company's Market Confidentiality and Ethics Code and with recommendation 25.3.3 of the amended Afep-Medef Code;
- certain abstention obligations imposed by Wendel's Market Confidentiality and Ethics Code;
- certain corporate officers have entered into collective lock-up commitments under Article 885 I *bis* and 787 B of the French Tax Code, described in section 8.3.10.1 of this Universal Registration Document.

2.1.7.2 Business ethics

Conflicts of interest

A number of procedures are in place within the Wendel Group to prevent and manage any conflicts of interest: the Confidentiality and Market Code of Ethics, the anti-corruption policy, the internal regulations of the Supervisory Board and the procedure for evaluating regulated related-party agreements and current agreements (see paragraph below "Regulated related-party agreements and standard agreements").

The members of the Executive and Supervisory Boards must clear up any actual or potential conflicts of interest and bring them to the attention of the Company's Ethics Officer or the Supervisory Board Chairman.

Each Executive Board member is required to disclose to the Group Ethics Officer any situation of conflict of interest, even potential situations, and refrain from participating in votes or discussions related to those situations. Specific processes for declaring and handling conflicts of interest have been put in place.

In 2012, the Supervisory Board strengthened the procedures in its internal regulations aimed at preventing conflicts of interest. The regulations now specify that the members of the Supervisory Board have an obligation to maintain confidentiality and to be loyal to the Company. Each Board member prepares a statement, addressed to the Company's Ethics Officer (i) when he or she assumes the office of Board member, (ii) at any time, at the initiative of the member or upon the request of the Ethics Officer and (iii) in any event within ten business days of any event rendering all of part of the previous statement inaccurate. In the event of conflict of interest, even a potential one, the Board member abstains from participating in debate and does not take part in the corresponding vote. He or she does not receive the information related to the agenda item giving rise to the conflict of interest. Any Board decision relating to a conflict of interest is explained in the minutes of the meeting.

Members of the Supervisory Board must also inform the Chairman of the Supervisory Board of their intention to accept a new appointment in a company that does not belong to a Group of which they are executives. If the Chairman of the Supervisory Board believes that the new appointment could create a conflict of interest, the Chairman puts the issue before the Supervisory Board. In this case, the Board decides whether the appointment is incompatible with the position of a Wendel Supervisory Board member. Should the Board decide that there is a conflict of interest, it asks the Board member to choose between the new appointment and his/her appointment at Wendel. The Board explains the reasoning behind its decision to declare an appointment incompatible.

Regulated related-party agreements and standard agreements

In accordance with article L 225-87 of the French Commercial Code as amended by the so-called *Pacte* law of May 22, 2019 and Recommendation 4.1 of AMF Recommendation no. 2012-05, on March 18, 2020 the Supervisory Board adopted a Charter for the review of regulated related-party agreements and agreements relating to ordinary transactions under standard conditions. This Charter:

- reiterates the regulatory framework applicable to related-party agreements and commitments and offers additional guidance on the methodology used internally to classify the various agreements entered into;
- sets out a typology of agreements which, due to their nature and terms, are not subject to formalities; and
- sets out an internal procedure for the regular review of Wendel's agreements relating to ordinary transactions under standard conditions.

The procedure applicable to agreements relating to ordinary transactions under standard conditions is set out below:

A. Criteria relating to the parties to the agreement

The review procedure applies to agreements entered into, either directly or through an intermediary by:

(i) the Company; and

(ii) one or more of the following parties (the "Interested Parties"):

- a member of the Company's Executive Board or Supervisory Board, or
- a direct or indirect shareholder with more than 10% of voting rights attached to Company shares, or
- a company with an corporate officer[1] who is also a member of the Company's Executive Board or Supervisory Board.

The procedure also applies to agreements to which the Company is party with (i) a member of the Executive or Supervisory Board or (ii) a shareholder with more than 10% of the voting rights as indirectly interested parties ("Parties with an Indirect Interest").

The list of direct or indirect shareholders with over 10% of voting rights in the Company and of companies that have corporate officers in common with the Company will be drawn up internally and updated on December 31 of each year.

Agreements between the Company and another company do not fall within the scope of the procedure if one of them holds 100% of the other's share capital, whether directly or indirectly. A list of these companies will be produced internally and updated on December 31 each year.

B. Criteria for determining ordinary transactions under standard conditions

a. What is an ordinary agreement/transaction?

Ordinary transactions are those routinely performed by the Company in respect of its corporate purpose or as part of its routine business irrespective of whether it is with a third party.

The main criteria that determine whether such an operation is standard are as follows:

- the nature of the agreement;
- the fact that the operation is identical to other operations already performed by the Company and is part of the Company's "routine" business;
- the circumstances surrounding the relevant agreement;
- the legal significance and economic consequences or term of the relevant agreement; and
- standard practice for companies in a similar situation.

Where repetition and/or routine is established, the transaction is presumed to be ordinary but these are not the deciding factor in and of themselves.

The ordinary nature of an agreement is assessed on a case-by-case basis with, where appropriate, the assistance of the Company's General Secretariat, in consultation with the Statutory Auditors.

b. What are standard conditions?

Standard conditions are those:

- usually practiced by the Company in its dealings with third parties; or
- which are comparable to the conditions practiced for the same type of transaction in other companies with the same business.

To assess the "standard" nature of such conditions, the Company refers to:

- a market price or usual conditions in place (within or outside) the Wendel Group; and
- the concept of "balanced reciprocal advantages", which involves taking into consideration not just the price per se, but more generally all conditions under which the transaction was performed (payment terms, guarantees etc.).

c. Cumulative criteria to be assessed

The ordinary nature and standard conditions are cumulative criteria: in the absence of either, if the agreement meets the criteria it may be subject to the regulated related-party agreements procedure.

(1) Pursuant to the definitions of Article L 225-86 paragraph 3 of the French Commercial Code: "owner, partner with unlimited liability, manager, director, member of the Supervisory Board or, more generally an executive of that company".

The agreement is reassessed in the event of any modification, renewal, extension or termination of an agreement relating to ordinary transactions under standard conditions, such that an agreement previously considered to "relate to an ordinary transaction under standard conditions" may be considered as "regulated" and subject to this procedure when modified, renewed, extended or terminated, and *vice versa*.

C. Review of agreements relating to ordinary transactions under standard conditions

The procedure described below only applies to agreements entered into directly or through an intermediary, by the Company with one or more Interested Parties or Parties with an Indirect Interest (as these terms are described above).

a. Pre-assessment of these criteria by the functions involved in drawing up an agreement

Prior to signature, the functions initially involved in drawing up the agreement, depending on its purpose (hereinafter the "Involved Function(s)") will, at the time of concluding an agreement, an amendment or renewal, assess whether the conditions meet the criteria of ordinary transactions under standard conditions, in accordance with Section B above. This assessment must be documented.

In all circumstances, in the event of difficulties in interpreting or evaluating criteria, the matter should be referred to the Chief Group Compliance Officer who will make an assessment on a case-by-case basis and consult the Director of Internal Audit if needed.

Each year, every Involved Function must be in a position to present its standard agreements included within its functional scope and respond to requests from the Chief Group Compliance Officer.

b. Retrospective review of the application of criteria by the Chief Group Compliance Officer

The Chief Group Compliance Officer reviews how the Charter is applied by the Involved Functions on a regular basis and as deemed necessary.

To facilitate the Chief Group Compliance Officer's review, each Involved Function in drawing up these agreements must be in a position to share a sample/list of agreements relating to ordinary transactions under standard conditions within their scope upon request.

If the Chief Group Compliance Officer retrospectively considers that an agreement on the list of agreements relating to ordinary transactions under standard conditions should fall within the scope of regulated related-party agreements, she must notify the Supervisory Board and obtain confirmation that the regulated related-party agreement procedure set out in the French Commercial Code shall apply. At its annual review of regulated related-party agreements, the Supervisory Board may decide to correct the situation and follow the correction procedure referred to under Article L 225-90 of the French Commercial Code. Parties with an Indirect Interest in any of the agreements under review do not take part in the Supervisory Board's discussions on this matter.

Each year, the Chief Group Compliance Officer reports on the findings of his review to the Company's Supervisory Board. Interested Parties or Parties with an Indirect Interest in one of the agreements under review do not take part in the Supervisory Board's discussion on the matter.

Moreover, if the Chief Group Compliance Officer deems it necessary to modify the Charter, he refers any proposed modifications to the Supervisory Board for approval.

c. Information on agreements relating to standard operations under normal conditions

The Supervisory Board's annual report on corporate governance contains:

- a description of the procedure for reviewing agreements relating to ordinary transactions under standard conditions;
- a description of its implementation by the Company, including the Supervisory Board's conclusions following the Chief Group Compliance Officer's annual report and any follow-up.

Information regarding agreements entered into between a director or significant shareholder and a subsidiary

In accordance with Article L 225-37-4, paragraph 2 of the French Commercial Code, described below are agreements entered into directly or through an intermediary between (i) one of the members of the Executive Board or Supervisory Board or one of the shareholders with a fraction of voting rights exceeding 10% of the Company and (ii) another Company controlled by Wendel according to the definition under Article L 233-3, with the exception of agreements relating to ordinary transactions under standard conditions.

To the Company's knowledge, in the 2019 financial year and at the beginning of the 2020 financial year, the following agreements have been entered into:

- in accordance with the co-investment principles for the 2018-2021 period, on December 19, 2019, André François-Poncet and David Darmon, members of the Executive Board, and Sophie Parise member of the Supervisory Board represeting employees, reached a sale and purchase agreement with the wholly owned subsidiary Trief Corporation relating to their co-investments for the 2018-2021 period (see Note 4-1 to the consolidated financial statements). The purpose of these agreements is to determine what happens to co-investments in the event of leaving the Wendel Group prior to the realization of one of the liquidity events affecting the companies in which they have co-invested;

- in accordance with the co-investment principles for the 2018-2021 period, in December 2019 the members of the Executive Board invested in the company Crisis Prevention Institute (see Note 4-1 to the consolidated financial statements);
- in accordance with the co-investment principles for the 2011-2012 period and those for the 2013-2017 period, David Darmon has reinvested in IHS and Tsebo (see Note 4-1 to the consolidated financial statements);
- a "Transition Agreement" entered into by David Darmon, member of the Executive Board, and Wendel North America LLC (indirect subsidiary of Wendel), which ends his American employment contract on the terms described within it (see section "Employment contract" in section 2.2.1.1 "Compensation policy for Executive Board members").

The Company has applied the regulated related-party agreements to these agreements. They were authorized by the Supervisory Board and are described in the Statutory Auditor's report on regulated related-party agreements, and are submitted to the approval of the July 2, 2020 Shareholders' Meeting under the terms of Resolution No. 4.

2.2 Compensation of corporate officers

2.2.1 Compensation policy for corporate officers

The compensation policy for members of the Executive Board (section 2.2.1.1) and the compensation policy for members of the Supervisory Board (section 2.2.1.2), pursuant to Article L 225-82-2 of the French Commercial Code, are described below. These compensation policies are subject to the approval of the Shareholders' Meeting of July 2, 2020, pursuant to resolutions 7 to 10.

The Supervisory Board follows the recommendations of the Afep-Medef Code for setting the compensation and benefits to be paid to members of the Executive Board and members of the Supervisory Board.

The compensation policy determined by the Supervisory Board contributes to the Company's longevity by offering a balanced and attractive, legible and consistent compensation structure, capable of satisfying highly qualified profiles with the skills needed to manage the Company. In a competitive industry, it is important for the Company to be able to appoint and retain experienced and talented executives who can contribute to the Company's strategy and business development. The compensation policy is determined in accordance with the Company's strategy and the compensation conditions of the Company's staff and allows alignment of interests with the Company's shareholders.

The Supervisory Board determines the compensation policy, taking into account the common corporate interest. This is illustrated by:

- for members of the Executive Board: the nature of the objectives for the payment of the annual variable compensation, and the terms and conditions for the granting of options and/or performance shares, which are set based on what is useful or profitable to the Company;
- for members of the Supervisory Board: the variable nature of a portion of their compensation, which is allocated according to actual participation of Supervisory Board members in meetings of the Supervisory Board and its committees.

Exemptions to the application of the compensation policy may be granted if the departure is temporary, subject to the occurrence of exceptional circumstances, consistent with the Company's interests and necessary to ensure the Group's continued existence or viability. Any exemption from one of the components of the compensation policy shall be decided by the Supervisory Board on the prior recommendation of the Governance and Sustainability Committee. Any exemption thus decided will be set forth in the Universal Registration Document for the fiscal year during which they were implemented. It should be noted that the international crisis linked to Covid-19 has already been identified as an exceptional circumstance. The impact of this crisis and the management thereof by the members of the Executive Board will be taken into consideration by the Supervisory Board, on the advice of the Governance and Sustainability Committee, for the determination of the annual variable compensation of the members of the Executive Board for the 2020 fiscal year. This provision will enable the Supervisory Board to ensure adequacy between the application of the compensation policy with the performance and responsiveness of the members of the Executive Board, the performance of the Group, and the exceptional circumstances.

During the determination, review and implementation of the compensation policy for members of the Executive Board and Supervisory Board, the Supervisory Board, where applicable, applies the measures for management of conflicts of interest stated in the Supervisory Board's internal regulations and the Market Confidentiality and Ethics Code (see sub-section 2.1.7.2 "Conflicts of interest"). The members of the Executive Board do not attend the deliberations of the Supervisory Board relating to their compensation.

2.2.1.1 Compensation policy for Executive Board members

Definition of compensation policy

Compensation of Executive Board members is approved by the Supervisory Board on the Governance and Sustainability Committee's recommendation and after the Audit, Risks and Compliance Committee has verified the financial items. The members of the Executive Board do not attend the deliberations of the Supervisory Board relating to their compensation.

The principles governing the compensation of the members of the Executive Board were reviewed in depth in a comprehensive approach at the time of the change of the Chairman of the Executive Board in the first quarter of 2018 in order to:

- improve the alignment between the Executive Board and shareholders by reinforcing investment in Wendel shares;
- better link the long-term compensation of the Executive Board with the Company's stock market performance;
- align the compensation of the Executive Board with that of the teams in order to attract, retain and motivate the best talents in a sector that relies on the value of teams and where competition is particularly intense.

The compensation policy was determined using a rigorous method:

- use of an external consultant;
- in-depth benchmarks (benchmarks are based on the CAC 40, the French and European financial sector, including investment funds, and the comparable companies making up the panel used to assess one of the performance conditions for performance shares (see the third performance condition for performance shares in the section "Performance shares" below));
- constructive dialog with the Executive Board.

As a result, and for the 2018-2021 period:

- demanding performance conditions, absolute and relative covering three years, have been introduced for performance shares;
- for stock options, the performance condition is reviewed over 3 years and the presence condition has been toughened to 2 indivible years since 2019;
- the Executive Board's portion of the co-investment decreased; for more details on the co-investment, see note 4-1 to the consolidated financial statements and the Statutory Auditors' special report, section 9.1.1;
- the co-investment of the members of the Executive Board is pooled in the proportion of 90%;
- the portion of non-financial objectives includes quantifiable objectives related to the Company's social and environmental responsibility (CSR).

The compensation paid to the members of the Executive Board includes:

- a fixed portion, from which compensation received for terms of office within the Group is deducted;
- a variable portion established on specific objectives and subject to three financial objectives and one extra-financial objective, quantifiable as much as possible;
- grants of stock options and/or performance shares.

Executive Board members do not receive any deferred bonuses or supplementary pension benefits.

The compensation policy described below applies to the 2020 fiscal year, subject to the approval of the Shareholders' Meeting.

The Executive Board consists of André François-Poncet, Chairman of the Executive Board since January 1, 2018, and David Darmon, member of the Executive Board since September 9, 2019. David Darmon was appointed by the Supervisory Board following the departure of Bernard Gautier on the same date.

Proposed changes for 2020

In order to ensure the stability of the compensation policy until the expiry of the Executive Board's current term of office on April 6, 2021, the Supervisory Board did not make any significant changes to the main terms and conditions of the policy, but provided additional details and clarifications, in accordance with the expectations expressed by shareholders. An overall review of the compensation structure and its components will be conducted when those terms of office are renewed, as part of the 2021 compensation policy.

The content of the compensation policy has undergone legislative and regulatory changes applicable to the Shareholders' Meetings called to vote on fiscal year 2019, *via* Order No. 2019-1234 and Decree No. 2019-1235.

Taking into account these changes, the expectations expressed by shareholders and the appointment of David Darmon to the Executive Board in September 2019, the Supervisory Board, on the recommendation of the Governance and Sustainability Committee, has implemented the following changes:

- the procedure for determining the compensation policy is presented in greater details;
- the terms for exemptions from the compensation policy are set forth;
- it has been specified that the performance objectives on which the allocation of the annual variable compensation is based are capped, to avoid any effect of offsetting outperformance with possible underperformance;
- the method for assessing the level of achievement of the objectives for which the annual variable component is awarded is set forth;
- the terms and conditions for awarding termination benefits to the new member of the Executive Board have been circumscribed and are stricter than the recommendations of the Afep-Medef Code;
- the non-payment of termination benefits in the event of retirement is specified;
- the Executive Board's share in the co-investment decreased from 12.4% to 10.7%.

Compensation components

Fixed compensation

The fixed compensation of the members of the Executive Board is set by the Supervisory Board on a recommendation from the Governance and Sustainability Committee, based on the individual Executive Board members' responsibilities, experience and expertise, and on comparative studies carried out by independent consultants. In accordance with the recommendations of the Afep-Medef Code, fixed compensation has been determined for a long period, until the end of the Executive Board's term, *i.e.* until April 2021.

For 2020, the fixed compensation is as follows:

- €1,150,000 for the Chairman of the Executive Board (unchanged since 2018);
- €600,000 for the member of the Executive Board (lower than for the previous member of the Executive Board), it being specified that until the expiration of his expatriate status, on or before July 31, 2020 at the latest, the fixed compensation is paid in US dollars in the United States, based on an exchange rate of $1.10 for €1.00.

Annual variable compensation

Annual variable compensation is set based on financial and extra-financial objectives designed to drive achievement of the Group's challenges. The achievement rate for 2019 is detailed in section 2.2.2.2 "Total compensation and any other benefits," paragraph "Summary of each executive corporate officer's compensation".

The upper limit for variable compensation is 115% of fixed compensation, as in 2017, 2018 and 2019. It is in no way guaranteed, and the amount varies each year depending on the achievement of objectives.

For 2020, the Supervisory Board has decided to keep four objectives, three financial and one non-financial as described below. These objectives were precisely determined by the Supervisory Board, on the recommendation of the Governance and Sustainability Committee, at its meeting on March 18, 2020. For each criterion, the Supervisory Board sets a target objective and a range of performance thresholds. They are demanding and consistent with the Group's development strategy. It is specified, as indicated in section 2.2.1, that the impact and management of the international crisis linked to Covid-19 will be taken into account by the Supervisory Board, on the recommendation of the Governance and Sustainability Committee, to determine the variable annual compensation of the members of the Executive Board with respect to the 2020 fiscal year.

Description of the 2020 performance objectives:

- the first concerns Bureau Veritas, with specific performance criteria, split equally between organic growth and operating income; it is weighted and capped at 20%;
- the second is the performance over the year of five unlisted companies in the portfolio, split equally between organic growth and EBITDA (the rate of achievement is calculated on a consolidated basis, using the average achievement rate of each of the companies, weighted according to the average individual values of these five companies in the Net Asset Value on December 31, 2019 and in the Net Asset Value on December 31, 2020; it is weighted and capped at 25%;
- the third concerns net debt, which should not exceed €2.5 billion for the calculation of each Net Asset Value published during the year; it is weighted and capped at 20%;
- the fourth is non-financial, but based mainly on quantifiable criteria. It is chosen each year by the Supervisory Board and consists of the achievement of several priorities for the year; it is weighted and capped at 35%. For 2020, these priorities are:
  - objectives for the portfolio companies (weighted and capped at 45% of the non-financial objective):
    - for Bureau Veritas (weighted and capped at 10% of the non-financial objective), the achievement of the non-financial objectives attached the non-financial part of the objectives attached to Bureau Veritas' CEO variable compensation,
    - targeted initiatives for the unlisted companies in the portfolio (weighted and capped at 35% of the non-financial objective);
  - the implementation of initiatives for Wendel (weighted and capped at 15% of the non-financial objective): the definition of its *raison d'être* and its values, the improvement of policies and practices with regard to human resources and diversity, the assessment formalization of tools and procedures linked to IT and cybersecurity;
  - the ESG strategy (weighted and capped at 27.5% of the non-financal objective): formalization of a ESG policy that includes climate impact, improvement of Wendel's non-financial ratings and monitoring of the non-financial performance indicators of the companies in the portfolio;
  - monitoring and strengthening of anti-corruption procedures under the Sapin 2 Law and monitoring of process implemented by portfolio companies in this respect (weighted and capped at 12.5% of the non-financial objective).

  When asssing the achievement of the non-financial objective, and considering the exceptional circumstances resulting from the international crisis linked to Covid-19, the Supervisory Board will assess the quality of crisis management by the Executive Board. As the case may be, said quality of crisis management could supersede all or part of abovementioned priorities of the non-financial objective.

Each performance target on which the allocation of the annual variable compensation is based is capped, in order to avoid any effect of offsetting outperformance with possible underperformance.

These financial and non-financial objectives are also used to determine a portion of the variable compensation of about twenty members of the management team.

The figures are audited by the Audit, Risks and Compliance Committee, when objectives are set and when their achievement is assessed.

Grants of stock options and performance shares

Every year, Shareholders Meetings set the maximum amount for the grants of stock options to 1% of the share capital since 2015. In 2020, shareholders will be asked to approve this same maximum nominal amount of 1% of share capital in Resolution No. 27. The maximum nominal amount of performance shares is set to 0,5% of the share capital, it being specified that such amount shall be included in the 1% ceiling for stock options grants. In 2020, shareholders will be asked to approve this same maximum nominal amount in Resolution No. 28.

For 2020, Resolutions No. 27 and No. 28 respectively set the Exectuvie Board's share to 0.124% of the share capital for stock options and 0.105% for performance shares.

The Supervisory Board, on the recommendation of the Governance and Sustainability Committee, sets the number of stock options and performance shares to be granted to the Executive Board, as well as the corresponding performance and presence condition and holding period.

Grants of stock options and performance shares are intended to encourage achievement of the Group's medium and long-term goals and the resulting creation of value for shareholders.

The components of the compensation granted to the members of the Executive Board for the 2019 financial year are described in section 2.2.2.2 "Total compensation and any other benefits".

Options and performance shares are subject to presence, performance and retention conditions. The presence condition is two years.

The performance conditions are separate for options and performance shares and are detailed below.

With regard to the holding condition, in accordance with the law and as recommended in the Afep-Medef Code, Executive Board members have been required, since 2009, to hold Company shares at all times. The Supervisory Board has set the number of such shares at 25,000, including 500 shares from each of the Company's performance share and stock option plans from which the members of the Executive Board benefit.

In the event of a new appointment, the new member of the Executive Board is not required to purchase Wendel shares in the market, but he/she must keep all the shares acquired as and when options are exercised or performance shares vest until he/she holds 25,000 shares, after deducting, for the shares resulting from the exercise of options, the exercise price of the said options.

The Executive Board members have undertaken to not hedge their risk on the shares they must hold until the end of their term of office with the Company.

Options

The subscription or purchase price for stock options is based on the average share price in the 20 trading days preceding the grant date, with no discount.

The Supervisory Board considers that the terms governing the exercise of options are in themselves an intrinsic performance condition directly linked to the increase in the price of the Company's shares. It has nevertheless provided for a performance condition linked to the level of the ordinary dividend paid (excluding any exceptional dividends): the dividend paid each year must be equal to or greater than that paid for the previous year. The Supervisory Board is of the opinion that changes in the dividend is a good indicator of Wendel's financial health and an important element of Wendel's long-term strategy towards its shareholders. The addition of this condition allows, over and above the growth in the share price which governs the attractiveness of the subscription or purchase price of the options, to establish a floor that avoids any dissociation between the Company's performance and the compensation of the corporate officers.

Since 2019, the performance condition has been observed over three years. The growth of the ordinary dividend paid from one year to the next will therefore be verified at the end of a three-year period.

Performance shares

The performance conditions governing performance shares are characterized by particular attention to aligning executives' interests with those of shareholders as they are assessed exclusively on the basis of Wendel's total shareholder return (TSR) measured over a period of three years, using both an absolute and a relative metric, in accordance with the recommendations of the Afep-Medef Code.

There are three conditions, each weighting for one third of the granting. The combination of these three conditions, with the absolute condition of the options, aims to achieve a reasonable balance between absolute and relative measurement in a situation where there are not many comparable companies.

The first condition measures the absolute performance of Wendel's annualized TSR over three years; if the performance is over 9%, the condition is 100% met; if this TSR is less than 5%, the condition is not met. Between these two limits, the performance condition is evaluated on a linear basis.

The second condition measures the relative performance of Wendel's cumulative TSR (non-annualized) over three years with the performance of the SBF 120; if Wendel's TSR is at least 9 points higher than that of SBF 120, then the performance condition is fully met; if Wendel's TSR is equal to SBF 120 TSR, then the performance condition is 60% met; if Wendel's TSR is at least 3 points lower than that of SBF 120, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis.

The third condition measures the relative performance of Wendel's TSR over three years with the TSR of a basket of comparable listed investment and holding companies. If Wendel's TSR is in the top decile, then the performance condition is fully met; if Wendel's TSR is equal to the upper limit of the lowest decile, then the performance condition is 20% met; if Wendel's TSR is in the lowest decile, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis.

The TSR does not necessarily reflect the financial performance expressed by the NAV due to exogenous elements (discount) resulting in part from the volatility of valuation multiples; as a result, with respect to the second and third conditions, it has been decided to maintain the allocation of performance shares even if the TSR falls below the median in order to encourage employee share ownership, strengthen the long-term alignment of interests between Wendel shareholders and the management teams, and to avoid the effects of sometimes abrupt thresholds (upwards or downwards).

The panel of comparable investment and holding companies is as follows: Ratos AB, Ackermans & van Haaren, Sofina, FFP, Investor AB, GBL, Hal Trust, Kinnevik AB, Industrivarden AB, Exor, Eurazeo, Onex and 3i. This panel may be reduced if any of the companies comprising it were to disappear or their activity to be substantially modified, making them cease to be comparable with Wendel.

Employment contract

In accordance with the recommendations of the Afep-Medef Code, the Chairman of the Executive Board does not have an employment contract.

The other member of the Executive Board, David Darmon, holds:

- an employment contract with the Company governed by French law that came into force on July 4, 2005, which has been suspended since May 31, 2013, as last amended on 4 March 2020;
- an employment contract with Wendel North America (USA) governed by US law, that was entered into on March 31, 2013, as last amended on 4 March 2020.

The amendments to the aforementioned employment contracts constitute regulated related-party agreements pursuant to Article L 225-86 of the French Commercial Code and are subject to the approval of the Shareholders' Meeting pursuant to Resolution No. 4.

Since September 9, 2019, the date of David Darmon's appointment to the Executive Board, all of his compensation has been paid to him in his capacity as a member of the Executive Board, subject to what is allocated to him under his US employment contract as described below. David Darmon is eligible for the stock option, performance share, co-investment and savings plans established within the Wendel Group and its subsidiaries only by virtue of his duties as a member of the Executive Board.

A Transition Agreement was entered into between David Darmon and Wendel North America LLC to terminate his US employment contract as of July 31, 2020 at the latest, and set forth the terms and conditions of the transition period that began on September 9, 2019. In particular, it has been decided that David Darmon is exempt from employment with Wendel North America and no longer receives any compensation in that respect during that period, other than an expatriation allowance (see "Benefits of all kinds" below).

The French employment contract will remain suspended for the duration of David Darmon's term of office as a member of the Executive Board. In view of David Darmon's seniority as a Wendel employee, it was decided to maintain the suspension of the French employment contract rather than terminate it.

Furthermore, in the event that David Darmon's term of office as a corporate officer is terminated, his employment contract with the Company will resume its effects. The employment contract may be terminated under ordinary law at the initiative of David Darmon or the Company. The termination of the employment contract would be effective at the end of a notice period of six months (except in the event of serious misconduct) and might trigger the entitlement to legal and contractual indemnities for dismissal. This notice period may be cut short to allow David Darmon to claim unemployment benefits through GSC (a specialized provider of unemployment insurance for CEOs).

Benefits of all kinds

The members of the Executive Board are covered by unemployment insurance through GSC (a specialized provider of unemployment insurance for CEOs).

As part of the transition period following his appointment as a member of the Executive Board and prior to the expiration of his US employment contract on or before July 31, 2020 at the latest, David Darmon continues to receive an expatriation allowance of $80,621 per month to compensate for the additional costs related to his situation in the United States, as well as health and welfare coverage and membership of the Caisse des Français à l'Etranger and the CRE-IRCAFEX supplementary pension plans (Agirc-Arrco institutions), the costs of which are paid by the Company. The Company will also cover the cost of professional family accompaniment upon return to France up to an overall limit of €10,000.

Executive Board members can subscribe to capital increases reserved for members of the Group savings plan under the same conditions as all Wendel employees (a discount of no more than 30% of the reference price may be applied to the new shares subscription price, in accordance with the applicable legal provisions).

In the context of co-investments made in accordance with the applicable rules for the period 2018-2021 (see note 4-1 to the consolidated financial statements), the subscription price is the same for Wendel and other co-investors, Executive Board members included, and does not take into account carried interest rights.

The Chairman of the Executive Board may be provided with a company car, the maintenance and insurance costs of which are borne by the Company, and a driver.

Appointment of a new Executive Board member

If a new Executive Board member is appointed from outside the Company, the Supervisory Board, on the recommendation of the Governance and Sustainability Committee, may decide to pay welcome bonus to the new Executive Board member as compensation for any benefits he or she may lose by leaving his or her prior position.

The principles and criteria set out in this policy would apply to this new Executive Board member, unless exceptional exemptions.

If a new Executive Board member is appointed, the Supervisory Board, on the recommendation of the Governance and Sustainability Committee, shall determine the fixed and variable components of compensation and the criteria for variable compensation within that framework according to the specific situation of the person concerned. If necessary in the light of the recommendations of the Governance and Sustainability Committee, any changes to the compensation policy shall be submitted for approval at the next Shareholders Meeting.

Departure of an executive

In the event of the departure of an Executive Board member, several components of compensation shall be impacted as follows:

Fixed compensation	Prorated amount paid
Annual variable compensation	Amount of variable compensation to be paid, which is prorated, assessed at the end of the fiscal year by the Supervisory Board according to the achievement of the targets set, on the recommendation of the Governance and Sustainability Committee.
Options and performance shares	Options and performance shares that have not yet vested are forfeited. However, under exceptionnal circumstances, the Supervisory Board may, on the proposal of the Governance and Sustainability Committee, decide to maintain the benefit of this status by waiving the applicable presence requirement (two years). In any event, there can be no exemptions from the application of the performance conditions governing the exercise of the options and/or the vesting of the performance shares.
Termination benefits	The Supervisory Board shall assess the fulfilment of the conditions of application and performance conditions for the payment of termination benefits.

Termination benefits

The following commitments towards the members of the Executive Board were previously approved by the Supervisory Board and were published on the Company's website.

André François-Poncet

In the case of André François-Poncet, the commitments made by the Supervisory Board of Wendel were previously authorized by the Supervisory Board at its meetings of November 16 and 29, 2017. They were described in the Statutory Auditors' special report on regulated agreements and commitments approved by the Wendel Shareholders' Meeting of May 17, 2018. These commitments are as follows:

- Removal as of 2020:

In the event André François-Poncet is removed from office in 2020 or thereafter for reasons other than failure, he will be entitled to a severance payment equal to his fixed monthly compensation at the time of his removal times the number of months he was in office, limited to 24 months of fixed compensation.

This payment will be subject to the following two performance conditions: the year of his removal being designated year n, (i) the dividend paid on the earnings of year n-2 must be greater than or equal to the dividend paid on the earnings of year n-3 and (ii) André François-Poncet must have obtained at least 37% of his maximum variable compensation for one of the two previous years (n-1 or n-2).

- Resignation or removal in the event of loss of control of Wendel by Wendel-Participations:

In the event André François-Poncet resigns or is removed from office after Wendel-Participations loses control of Wendel as measured by its voting rights, he will be entitled to 36 months of his fixed compensation, as it stands at the time of his departure.

Payment of the benefits is subject to the fulfillment of the following performance criteria: the dividend distributed with respect to each financial year prior to the financial year during which the resignation or removal occurs must be greater than or equal to that distributed with respect to the 2016 financial year.

- For the purposes of the above:
  - the term "removal" may refer to the non-renewal of office, a significant change in responsibilities or a significant disagreement over strategy,
  - in the event of "failure," defined as serious misconduct (in accordance with the definition of the Social Law Chamber of the French Supreme Court) unanimously recognized by the members of the Supervisory Board, no payment will be due, unless the removal procedure is initiated more than two months after one of the members of the Board becomes aware of the events motivating the removal,
  - the term "dividend" used for performance conditions refers at all times to the ordinary dividend excluding any extraordinary dividend.

It is specified that termination benefits are not due in the event of retirement.

David Darmon

In the case of David Darmon, the commitments were previously authorized by the Supervisory Board on September 27, 2019.

These commitments are as follows:

In the event of termination of his term of office on the Executive Board, David Darmon would receive, in addition to any legal and contractual indemnities payable in respect of the termination of his French employment contract, a severance payment equal to the gross monthly fixed compensation multiplied by the number of months of presence as a member of the Executive Board, such indemnity being capped to 18 months of fixed compensation.

Payment of the benefits is subject to the fulfillment of both of the following two performance conditions:

- David Darmon must have obtained, for the last two financial years preceding his departure, more than 70% of his maximum variable compensation; and
- the amount of the last known ordinary dividend on the date of departure must be higher than the dividend for the previous financial year.

This indemnity will be due only in the event of forced departure, *i.e.* in the following situations:

- departure linked to the dismissal of a member of the Executive Board;
- non-renewal of the term of office as member of the Executive Board at the request of the Supervisory Board;
- resignation as a member of the Executive Board within six months following a substantial change in responsibilities or a significant divergence in strategy;
- resignation from office as a member of the Executive Board as a result of dismissal (with the exception of dismissal for serious or gross misconduct).

This indemnity will not be due in the event of:

- resignation, except in the aforementioned cases;
- retirement within six months prior to eligibility for a full pension;
- serious or gross misconduct;
- a situation of failure observed by the Supervisory Board, it being specified that a situation of failure occurs if (i) the level of consolidated net debt of the Wendel Group is greater than €2.5 billion, and (ii) for two continuous years, Wendel's TSR is in the last quartile in terms of relative performance compared to comparable investment companies and holding companies;
- continuation of the employment contract with the Company.

The panel of comparable investment and holding companies is as follows: Ratos AB, Ackermans & van Haaren, Sofina, FFP, Investor AB, GBL, Hal Trust, Kinnevik AB, Industrivarden AB, Exor, Eurazeo, Onex and 3i. This panel may be reduced if any of the companies comprising it were to disappear or their activity to be substantially modified, making them cease to be comparable with Wendel.

At the end of David Darmon's term of office as a member of the Executive Board, his employment contract would resume its effects with the Company and might trigger an entitlement to legal and contractual termination indemnities.

It is specified that the total amount of indemnities paid to David Darmon, including legal and contractual indemnities related to his employment contract, may not exceed 18 months of the average monthly fixed and variable compensation actually paid for the last fiscal year preceding his departure.

2.2.1.2 Compensation policy for Supervisory Board members

Since 2017, the maximum amount of compensation paid to Supervisory Board members is €900,000.

In accordance with the recommendations of the Afep-Medef Code, a criterion of variability based on actual attendance at Supervisory Board meetings and meetings of its committees has been included since 2019 to calculate the awarding of compensation to Supervisory Board members.

It is specified that the variable amount of compensation of Supervisory Board members is adjusted each year in line with the number of planned meetings of the Supervisory Board and of its Committees, within the limit of the overall budget approved by the Shareholders' Meeting. In 2020, 8 meetings of the Supervisory Board, 7 meetings of the Audit, Risks and Compliance Committee and 6 meetings of the Governance and Sustainability Committee are planned.

The amounts in the 2020 compensation policy are different from those in the 2019 policy, due to an increased number of meetings scheduled in 2020.

The compensation policy for Supervisory Board members breaks down as follows:

- ordinary compensation:
  - fixed ordinary compensation: €25,000,
  - variable ordinary compensation: €3,000 per scheduled meeting;

- additional compensation for Committee membership:
  - fixed compensation for Committee membership: €10,000,
  - variable compensation for committee membership: €1,700 per scheduled meeting;
- compensation for chairing a Committee:
  - fixed compensation: €25,000,
  - variable compensation: €3,400 per scheduled meeting;
- compensation for the Chairman of the Supervisory Board:
  - fixed compensation: €52,000,
  - variable compensation: €6,000 per scheduled meeting;
- specific compensation for the Chairman of the Supervisory Board and for the Lead member of the Supervisory Board:

  Since May 17, 2018, the annual compensation of the Chairman of the Supervisory Board has been €250,000; this compensation was established on the basis of a benchmark and is in line with the compensation awarded to the chairmen of the Supervisory Boards of SBF 120 companies.

  His compensation is reviewed every year by the Supervisory Board and the Governance and Sustainability Committee.

  The lead member of the Supervisory Board receives compensation of €25,000 for his specific duties.

2.2.2 General information on the compensation of corporate officers for fiscal year 2019

The information referred to in Article L 225-37-3, I of the French Commercial Code is described below. In accordance with Article L 225-100, II of the French Commercial Code, this information is submitted for the approval of the Shareholders Meeting of July 2, 2020, pursuant to Resolution No. 10.

2.2.2.1 Application of 2019 compensation policy

The 2019 compensation policy for the Chairman of the Executive Board, the member of the Executive Board and the Chairman of the Supervisory Board was approved as follows at the Shareholders' Meeting of May 16, 2019:

- Chairman of the Executive Board, Resolution No. 7 approved with 95.40% “for” votes;
- Member of the Executive Board, Resolution No. 8 approved with 95.55% “for” votes;
- Chairman of the Supervisory Board, Resolution No. 9 approved with 99.57% “for” votes.

The total compensation paid to the aforementioned corporate officers during financial year 2019 or awarded for 2019 is in accordance with the provisions of the 2019 policy. The ceilings stated in the compensation policy and the presence and performance conditions were complied with, without exception. For more information on the achievement of the performance objectives attached to the payment of the annual variable compensation, see section 2.2.2.2 “Total compensation and benefits of all kinds”.

The total compensation contributes to the long-term performance of the Company by being both balanced and attractive, and by making it possible to satisfactorily compensate André François-Poncet, David Darmon and Nicolas ver Hulst, whose management skills promote the growth of the Company’s activities.

With regard to David Darmon, member of the Executive Board as of September 9, 2019, whose compensation was set by the Supervisory Board in accordance with the 2019 policy applicable to Executive Board members, it is specified that:

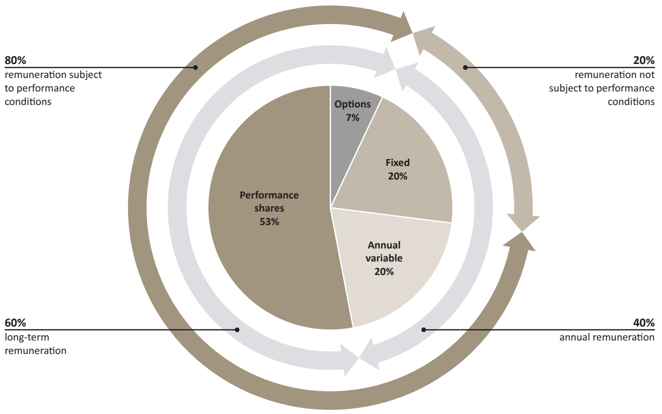
- the amount of the fixed compensation has been lowered compared to the previous member of the Executive Board (€600,000 instead of €840,000 previously);
- his termination benefits (for his corporate office and his employment contract) are lower than those of the previous member of the Executive Board (they are capped at 18 months of fixed and variable compensation actually paid, instead of 24 months of fixed and variable compensation based on achieved objectives);
- arrangements have been made to take into account David Darmon’s presence in the United States of America until July 31, 2020 at the latest, and his future return to France.

2.2.2.2 Total compensation and benefits of all kinds

The components of compensation of Executive Board and Supervisory Board members presented below are those paid for the term of office during fiscal year 2019 or awarded for the term of office for fiscal year 2019.

Summary of compensation, stock options and performance shares granted to each executive corporate officer

André François-Poncet



Relative proportion of fixed and variable compensation

The variable annual compensation allocated to the members of the Executive Board for fiscal year 2019 corresponds to 95.91% of the respective fixed compensation for André François-Poncet, Bernard Gautier and David Darmon.

For André François-Poncet, the value of the options and performance shares granted in 2019 corresponds to 290% of his fixed compensation. For Bernard Gautier, the stock options and performance shares granted in 2019 are forfeited because the termination of his duties occurred before the expiration of the applicable presence condition. In the case of David Darmon, he was not awarded any stock options or performance shares for his term of office as a member of the Executive Board because the grant was decided on July 8, 2019, prior to his appointment as a member of the Executive Board on September 9, 2019.

Table 1 under the Afep-Medef Code

	2019	2018
André François-Poncet Chairman of the Executive Board		
Total compensation awarded for the year (detailed in table 2)	**2,586,376**	**2,254,216**
Number of options granted during the year	**22,579**	**23,140**
Valuation of options granted during the year (detailed in table 4)	383,843	377,182
Number of performance shares granted during the year	**36,126**	**37,023**
Valuation of performance shares granted during the year (detailed in table 6)	2,958,719	1,958,517
TOTAL	**5,928,938**	**4,589,915**
Bernard Gautier Member of the Executive Board until September 9, 2019		
Total compensation awarded for the year (detailed in table 2)	**1,792,999**	**1,638,763**
Number of options granted during the year(1)	**32,965**	**33,784**
Valuation of options granted during the year (detailed in table 4)	560,405	550,679
Number of shares granted during the year(1)	**10,837**	**11,107**
Valuation of performance shares granted during the year (detailed in table 6)	887,550	587,560
TOTAL	**3,240,954**	**2,777,002**
David Darmon Member of the Executive Board starting September 9, 2019		
Total compensation awarded for the year (detailed in table 2)	**881,074**	**-**
Number of options granted during the year	**-**	**-**
Valuation of options granted during the year (detailed in table 4)	-	-
Number of performance shares granted during the year	**-**	**-**
Valuation of performance shares granted during the year (detailed in table 6)	-	-
TOTAL	**881,074**	**-**

The options and performance shares in this table have been measured at their "fair value" from an accounting standpoint, calculated at the time they were granted and in accordance with IFRS. They correspond neither to amounts actually received nor to the real amounts that could be obtained if the presence and performance conditions enabling their beneficiaries to receive income were fulfilled. The purchase options and performance shares granted in 2019 were valued at €17 and €81.90, respectively. The purchase options and performance shares granted in 2018 were valued at €16.30 and €52.90, respectively.

(1) It is specified that since the termination of Bernard Gautier's duties took place before the expiration of the presence condition applicable to the options and performance shares granted during 2019, they were forfeited.

Summary of the compensation of each executive corporate officer

On the recommendation of the Governance and Sustainability Committee, the Supervisory Board made the following decisions in 2019:

- the fixed compensation of André François-Poncet and Bernard Gautier was set at €1,150,000 and €840,000 per year respectively (unchanged from 2018);
- the fixed compensation of David Darmon was set at €600,000 per year (lower than the previous member of the Executive Board, Bernard Gautier);
- Executive Board members' variable compensation remained set at a maximum of 115% of fixed compensation, with no possibility of exceeding this limit. As before, the variable compensation is not guaranteed.

Variable compensation is paid after the Shareholders' Meeting in the year following the year for which it is awarded.

65% of the variable compensation for 2019 is subject to the achievement of financial targets and 35% is subject to the achievement of non-financial targets.

For 2019, the Supervisory Board, at its meeting of March 18, 2020, on the recommendation of the Governance and Sustainability Committee and after validation of the figures by the Audit, Risks and Compliance Committee, determined the level of achievement of the targets as follows:

Type of objective	Weighting/ maximum	Rate of achievement	Comments
Financial objectives			
Bureau Veritas performance measured equally in terms of organic growth and adjusted operating profit	20%	81.2%	Bureau Veritas' 2019 organic growth and adjusted operating profit were compared with budget figures in order to evaluate the extent to which Bureau Veritas' performance objective was met. This result reflects the excellent performance of Bureau Veritas in the 2019 fiscal year.
Performance over the year of four unlisted portfolio companies (IHS, Stahl, Constantia and Cromology), measured equally between organic growth and EBITDA	25%	48.5%	The organic growth and EBITDA of four unlisted companies (IHS, Stahl, Constantia and Cromology) in 2019 were compared with budget figures in order to evaluate the extent to which their performance objectives were met. The excellent performance of IHS and Cromology in the 2019 fiscal year was offset by the disappointing performance of Stahl and Constantia in relation to their budgets.
Wendel's level of net debt, which must not exceed €2.5 billion during the year	20%	100%	Wendel's net debt at the end of 2019 was €473 million. During 2019, net debt was calculated at each quarter end and published in the Net Asset Value (NAV). It did not exceed the €2.5 billion limit.
TOTAL FINANCIAL OBJECTIVES	**65%**	**74.4%**	
Non-financial objectives			
Objectives relating to Wendel and the portfolio companies:	75%	75%	
■ *digitalization and cyber security*	*30%*	*30%*	<u>Digitalization:</u> at the Wendel level, an information systems security audit was carried out at the beginning of 2019. A 3-year action plan was put in place, with the introduction of the first measures in June 2019. A charter for the use of information systems was adopted in September 2019 and a committee dedicated to monitoring the deployment of the action plan meets once every quarter.
■ improved performance of portfolio companies	*30%*	*30%*	<u>Improved performance of portfolio companies:</u> Three operating partners (Bruno Fritsch in London, Jérôme Richard in Paris and Michel Tournier as Director of IT Strategy and Digital Transition) were appointed to support the launch of operational improvements to increase profitability and cash generation, as well as the digitalization of certain portfolio companies. These actions have already led to concrete satisfactory results.
■ acceleration of the CSR strategy	*20%*	*20%*	<u>Acceleration of CSR strategy:</u> following work performed over several months, Wendel developed a CSR strategy. Since June 2019, a CSR audit is systematically performed before an investment is made (this new practice was implemented for the acquisition of Crisis Prevention Institute in December 2019). The operating partners are invested with the CSR topics specific to each portfolio company. Wendel also responded to the RobecoSAM and MSCI CSR questionnaires for the first time in 2019. For more details on Wendel's CSR strategy and achievements in 2019, see Chapter 4.
■ *targeted talent management initiatives*	*20%*	*20%*	<u>Talent management:</u> the effectiveness of the succession plan put in place by the Supervisory Board enabled Bernard Gautier to be replaced rapidly by David Darmon in September 2019. Three executive Vice-Presidents (Jérôme Michiels, Josselin de Roquemaurel and Félicie Thion de la Chaume) were appointed to work alongside the members of the Executive Board. Adam Reinmann was appointed CEO of Wendel North America, Stéphane Heuzé CEO of Wendel Africa and Howard Ouyang CEO of Wendel Singapore.
Continuation and strengthening of Sapin 2 anti-corruption procedures	25%	25%	Several initiatives were put in place to accelerate the implementation of anti-corruption process at the level of Wendel and the portfolio companies. A Group Compliance Officer joined Wendel in May 2019. A monitoring plan was put in place and a dedicated compliance tool is being deployed (Wendel Protect). A new anti-corruption and influence peddling policy was adopted in April 2019 and an anti-corruption compliance charter in May 2019. Procedures regarding gifts and entertainment and conflicts of interest were also put in place. A third-party assessment process was deployed in early 2019. The anti-corruption process of the Sapin 2 Law are implemented for each new acquisition or disposal.
TOTAL NON-FINANCIAL OBJECTIVES	**35%**	**35%**	
TOTAL	**100%**	**83.4%**	

The Supervisory Board, on the advice of the Governance and Sustainability Committee, has concluded that the achivement rate of 2019 Executive Board members' objectives was 83.4%. As a result, it set the variable compensation of André François-Poncet for 2019 at 83.4% of his maximum variable compensation, or €1,102,965.

As the members of the Executive Board work closely together, it also authorized, on the proposal of André François-Poncet, payment to:

- Bernard Gautier of 83,4% of his maximum variable compensation, or €805,644;
- David Darmon of 83,4% of his maximum variable compensation, prorated for the period from September 9 to December 31, 2019, or €180,402;

The Supervisory Board approved this compensation on the recommendation of the Governance and Sustainability Committee.

Tables 2 under the Afep-Medef Code

The amounts “paid during 2019” correspond to the amounts actually received by each executive corporate officer. The amounts “awarded for 2019” correspond to the compensation allocated to the executive corporate officers for duties performed during 2019, regardless of the payment date.

These amounts include all compensation paid by Group companies during the year.

André François-Poncet

	2019		2018	
	Amounts awarded	**Amounts paid**	**Amounts awarded**	**Amounts paid**
Total fixed compensation	1,150,000	1,150,000	1,150,000	1,150,000
of which compensation from Group companies(1)	*167,000*	*175,500*	*175,500*	*100,000*
Variable compensation	1,102,965	1,085,773	1,085,773	0
Other compensation(2)	210,651	5,808	5,677	5,677
Benefits of all kinds(3)	122,760	13,020	12,766	12,766
TOTAL	**2,586,376**	**2,254,601**	**2,254,216**	**1,168,443**

(1) André François-Poncet received compensation from Bureau Veritas, Trief Corporation SA and Winvest Conseil SA.
(2) André François-Poncet benefits from the agreements in force at Wendel, including the Group savings and pension plans, in the same manner as any Wendel employee. Given the progression in NAV in 2019, he should receive a gross collective performance bonus of €30,393 in 2020 for 2019. His subscription to the 2019 capital increase reserved for members of the Group savings plan, in accordance with applicable laws, was matched by a contribution of €5,808 and benefitted from a share price discount of 30% on subscribed shares, representing a value of €174,450.
(3) As part of the acquisition of Crisis Prevention Institute (CPI), André François-Poncet co-invested in this company, with the prior authorization of the Supervisory Board on November 6, 2019, in accordance with the applicable rules for the period 2018-2021. The subscription price is the same for Wendel and other co-investors and does not take into account carried interest rights, which have a total accounting value of €109,740. André François-Poncet benefited from unemployment insurance taken out with the GSC (social guarantee for Company managers), the amount for the 2019 fiscal year being €13,020.

André François-Poncet also receives health, death & disability insurance under the same terms and conditions as Wendel management employees.

Bernard Gautier

The compensation paid to Bernard Gautier is entirely derived from his employment contract.

His term of office as member of the Executive Board ended on September 9, 2019, and his employment contract ended on March 10, 2020, at the end of a six-month notice period that began on September 11, 2019.

	2019		2018	
	Amounts awarded	**Amounts paid**	**Amounts awarded**	**Amounts paid**
Total fixed compensation	840,000	840,000	840,000	840,000
of which compensation from Group companies(1)	*75,000*	*75,000*	*100,000*	*109,995*
Variable compensation	805,644	793,086	793,086	889,976
Other compensation(2)	147,355	12,292	5,677	25,291
Benefit of all kinds	-	-	-	-
TOTAL	**1,792,999**	**1,645,378**	**1,638,763**	**1,755,267**

(1) Bernard Gautier received compensation from Trief Corporation SA and Winvest Conseil SA.
(2) Bernard Gautier benefits from the agreements in force at Wendel, including the Group savings and pension plans, in the same manner as any Wendel employee. Given the progression in NAV in 2019, he should receive a gross collective performance bonus of €30,393 in 2020 for 2019. His subscription to the 2019 capital increase reserved for members of the Group savings plan, n accordance with applicable laws, was matched by a contribution of €5,808 and benefitted from a share price discount of 30% on subscribed shares, representing a value of €104,670. He also invested in PERCO and benefited from a contribution of €6,484 in this respect.

David Darmon

David Darmon was appointed as member of the Executive Board on September 9, 2019, and has been compensated in that capacity since that date.

	2019		2018	
	Amounts awarded	**Amounts paid**	**Amounts awarded**	**Amounts paid**
Total fixed compensation(1)	188,095	188,095	-	-
of which compensation from Group companies	-	-	-	-
Variable compensation	180,402	-	-	-
Other compensation(2)	9,446	-	-	-
Benefits of all kinds(3)	503,131	319,316	-	-
TOTAL	**881,074**	**507,411**	**-**	**-**

(1) It is specified that until the expiration of the US employment contract on or before July 31, 2020 at the latest, the fixed compensation of the member of the Executive Board is paid in the United States in US dollars, based on an exchange rate of $1.10 for €1.00.
(2) David Darmon benefits from the agreements in force at Wendel, including the Group savings and pension plans, in the same manner as any Wendel employee. Given the progression in NAV in 2019, he should receive a gross collective performance bonus of €9,446 in 2020 for 2019 (amount prorated over the period from September 9 to December 31, 2019).
(3) As part of the acquisition of Crisis Prevention Institute (CPI), David Darmon co-invested in this company, with the prior authorization of the Supervisory Board on November 6, 2019, in accordance with the applicable rules for the period 2018-2021. The subscription price is the same for Wendel and other co-investors, and does not take into account carried interest rights, which have a total accounting value of €183,815. Other benefits in kind are linked to his transitional situation as an expatriate in the United States. They consist of: $303,288 or €275,716 for the expatriation allowance (to compensate for the additional costs related to his situation in the United States), and €43,600 for the defrayal by the Company of the costs of health and welfare coverage, membership in the Caisse des Français à l'Étranger, the CRE-IRCAFEX supplementary pension plans (Agirc-Arrco institutions) and Pôle Emploi International unemployment insurance.

Subscription-type and purchase-type stock options granted to executive corporate officers for 2019 or exercised during 2019

1. Options granted in 2019

Executive Board members were granted stock options in 2019 of an amount determined by the Supervisory Board on the recommendation of the Governance and Sustainability Committee and within the limits set by shareholders at their Shereholders' Meeting. This grant is presented in the table below.

The exercise price for the stock options was based on the average of the share price in the 20 trading days preceding the grant date, with no discount.

These purchase options are subject to the following conditions:

- presence condition: the exercise of the options is subject to a presence condition of two indivisible years; the presence condition may be waived by the Supervisory Board under exceptional circumstances;
- performance condition: the number of options that may be exercised is tied to the level of the ordinary dividend (excluding any exceptional dividends): the dividend paid each year must be greater than or equal to the dividend paid the previous year, with the growth in the ordinary dividend paid from one year to the next being verified at the end of a three-year period;
- a holding period condition: the members of the Executive Board must hold at least 500 shares obtained through the exercise of options granted in 2019, as part of their obligation to hold 25,000 shares of the Company in registered form until the end of their term of office with the Company.

Since the granting of options to members of the Executive Board was decided by the Supervisory Board on July 8, 2019, before David Darmon's appointment to the Executive Board, he did not receive options as an Executive Board member.

Table 4 under the Afep-Medef Code – Subscription-type or purchase-type stock options granted for 2019

	Plan No. and date	Type of option (purchase or subscription)	Option valuation according to the method used for the consolidated financial statements	Number of options granted during the year	Strike price	Exercise period	Performance conditions
André François-Poncet	Plan W-12	Purchase	€17.00	22,579	€119.72	2019-2029	
	Date: July 8, 2019						See above
Bernard Gautier(1)	Plan W-12	Purchase	€17.00	32,965	€119.72	2019-2029	
	Date: July 8, 2019						See above
David Darmon	-	-	-	-	-	-	-
TOTAL				**55,544**			

(1) *It is specified that the stock options granted to Bernard Gautier for 2019 are forfeited because the termination of Bernard Gautier's duties occurred before the expiration of the presence condition applicable to options granted in 2019.*

Options were valued by an independent expert using a Monte Carlo mathematical pricing model. The model takes into account various events that might take place while the options are valid, including various points in time at which the pre-determined requirements for both performance and presence within the Company are tested. Based on this model, each option was worth €17.00 as of the grant date (July 8, 2019), as indicated in the table above. This value reflects the particularly restrictive assumptions that are made to ensure that the Executive Board's interests are aligned with the Company's objectives. On the other hand, this valuation does not reflect the blackout periods or other periods during which possession of privileged information would prevent the beneficiaries from exercising their options and selling the corresponding shares. These factors should reduce the value of these options. In any event, this value is theoretical: the Company has paid no cash amount to the beneficiaries with regard to these options.

A total of 66,500 stock options were granted in 2019 to the ten non-corporate-officer employees who received the highest number of stock options that year.

2. Options for which the performance conditions were met in 2019

Fulfillment of performance conditions for options granted to Executive Board members:

Options granted on July 7, 2017: the number of options was subject to an annual growth of 5% of the average of 50 closing prices of the Wendel share preceding the Shareholders' Meeting for the 2017-2018 period. This performance condition was fulfilled so the first half of the options granted on July 7, 2017, were vested. The second half of the options could be vested subject to a 10.25% increase in the average of the 50 closing prices of the Wendel share prior to the Shareholders' Meeting of May 16, 2019, compared to the average of the 50 closing prices of the Wendel share prior to the Shareholders' Meeting of May 18, 2017. As that performance condition was not met, the second half of the options granted on July 7, 2017, is forfeited.

Options granted on July 6, 2018: the number of options that could be vested was subject to the payment of an ordinary dividend in 2019 greater than or equal to the ordinary dividend paid in 2018. This performance condition was fulfilled so the first half of the options granted on July 6, 2018, were vested.

3. Options exercised in 2019

Table 5 under the Afep-Medef Code – Subscription-type or purchase-type stock-options exercised in 2019

No options were exercised by the corporate officers during their term of office in 2019. Accordingly, Table 5 of the Afep-Medef Code is not applicable.

4. Previous option grants

Table 8 under the Afep-Medef Code – Summary of all stock subscription or purchase option plans to date

	Plan 1		Plan 2	Plan 3	Plan 4	Plan 5	Plan 6	Plan 7	Plan 8	Plan 9	Plan 10	Plan 11	Plan 12
Date of the Shareholders' Meeting	Jun-4 2007		05-Jun-2009	04-Jun-2010	30-May-2011	04-Jun-2012	28-May-2013	06-Jun-2014	05-Jun-2015	01-Jun-2016	18-May-2017	17-May-2018	16-May-2019
Plans	W1-3	W2-1	W2-2	W-3	W-4	W-5	W-6	W-7	W-8	W-9	W-10	W-11	W-12
Date of the Board of Directors or Executive Board meeting	Apr-2 2009	16-Jul-09	8-Feb-10	4-Jun-10	7-Jul-11	5-Jul-12	1-Jul-13	8-Jul-14	15-Jul-15	7-Jul-16	7-Jul-17	6-Jul-18	8-Jul-19
Type of option	Subscription	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase
Initial total number of shares that can be subscribed or purchased	271,000	391,200	7,000	353,177	404,400	227,270	252,182	231,834	268,314	68,814	235,895	152,744	145,944
of which:													
Number initially granted to corporate officers:													
André François-Poncet	-	-	-	-	-	-	-	-	-	-	-	23,140	22,579
Frédéric Lemoine	-	120,000	-	105,000	96,000	54,542	53,518	52,632	51,747	0	50,952	-	-
Bernard Gautier	-	80,000	-	70,000	64,000	36,361	35,677	35,088	34,500	0	33,968	33,784	32,965
David Darmon(1)	-	-	-	-	-	-	-	-	-	-	-	-	-
Start date for exercise of options	Apr-2 2014	16-Jul-10(3)	8-Feb-11	4-Jun-11	7-Jul-12	5-Jul-13	1-Jul-14	8-Jul-15	15-Jul-16	7-Jul-17	9-Jul-18	8-Jul-19	8-Jul-22
Option expiration date	Apr-2 2019	16-Jul-19	8-Feb-20	4-Jun-20	7-Jul-21	5-Jul-22	1-Jul-23	8-Jul-24	15-Jul-25	6-Jul-26	6-Jul-27	5-Jul-28	8-Jul-29
Subscription or purchase price per share	€18.96	€22.58	€41.73	€44.32	€80.91	€54.93	€82.90	€107.30	€112.39	€94.38	€134.43	€120.61	€119.72
Discount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Performance conditions(2)	for all	for corporate officers	-	for all	for all	for all	for all	for all	for all	for all	for all	for all	for all
Cumulative number of shares subscribed or purchased as of Dec. 31, 2019	207,000	384,533	7,000	326,277	342,261	198,819	193,274	0	131,934	21,255	0	0	0
Cumulative number of canceled or expired options	64,000	6,667	0	6,900	9,350	500	0	231,834	16,005	5,565	144,279	26,002	32,965
Number of options remaining to be subscribed to or purchased as of Dec. 31, 2019(4)	0	0	0	20,000	52,789	27,951	58,908	0	120,375	41,994	91,616	126,742	112,979
BALANCE OF OPTIONS REMAINING TO BE EXERCISED BY CORPORATE OFFICERS(4):													
André François-Poncet	-	-	-	-	-	-	-	-	-	-	0	23,140	22,579
Bernard Gautier	-	-	-	-	-	-	11,211	0	34,500	-	16,984	16,892	0
David Darmon	-	-	-	-	-	-	-	-	-	-	-	-	

(1) David Darmon was not granted any stock options for his term of office as Executive Board member because the 2019 grant was decided prior to his appointment on September 9, 2019.
(2) All performance conditions are tied to an increase in NAV, except in 2017, 2018 and 2019
(3) For corporate officers, the starting date for exercise of the options is July 16, 2012.
(4) Maximum number, subject to the realization of performance objectives.

Performance shares that were granted to executive corporate officers for 2019 or became available in 2019

1. Performance shares granted in 2019

Executive Board members were granted performance shares in 2019 of an amount determined by the Supervisory Board on the recommendation of the Governance and Sustainability Committee and within the limits set by shareholders at their Annual Meeting. This grant is presented in the table below.

These performance shares are subject to the following conditions:

- a presence condition: the performance shares are subject to a two-year vesting period during which the beneficiary must remain employed or appointed by Wendel; subject to achievement of the performance condition, all performance shares vest and may be sold after expiry of a three-year period; the Supervisory Board can waive this presence condition under exceptional circumstances;
- three performance conditions:
  - the first condition measures the absolute performance of Wendel's annualized TSR over three years; if the performance is over 9%, the condition is 100% met; if this TSR is less than 5%, the condition is not met. Between these two limits, the performance condition is evaluated on a linear basis,
  - the second condition measures the relative performance of Wendel's cumulative TSR (non-annualized) over three years with the performance of the SBF 120 TSR; if Wendel's TSR is at least 9 points higher than that of SBF 120, then the performance condition is fully met; if Wendel's TSR is equal to SBF 120 TSR, then the performance condition is 60% met; if Wendel's TSR is at least 3 points lower than that of SBF 120, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis,
  - the third condition measures the relative performance of Wendel's TSR over three years with the TSR of a basket of comparable listed investment and holding companies. If Wendel's TSR is in the top decile, then the performance condition is fully met; if Wendel's TSR is equal to the upper limit of the lowest decile, then the performance condition is 20% met; if Wendel's TSR is in the lowest decile, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis;
- a holding period condition: the members of the Executive Board must hold at least 500 shares obtained under the 2019 plan, as part of their obligation to hold 25,000 shares of the Company in registered form until the end of their term of office with the Company.

Since the granting of performance shares to members of the Executive Board was decided by the Supervisory Board on July 8, 2019, before David Darmon's appointment to the Executive Board, he did not receive performance shares as an Executive Board member.

Table 6 under the Afep-Medef Code – Performance shares granted for 2019

	Plan No. and date	Number of performance shares granted during the year	Performance share valuation according to the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
André François-Poncet	Plan 11-1	36,126	€81.90	July 8, 2022	July 8, 2022	
	Date: July 8, 2019					See above
Bernard Gautier(1)	Plan 11-1	10,837	€81.90	July 8, 2022	July 8, 2022	
	Date: July 8, 2019					See above
David Darmon	-	-	-	-	-	-
TOTAL		**46,963**				

(1) It is specified that the performance shares granted to Bernard Gautier for 2019 are forfeited because the termination of Bernard Gautier's duties occurred before the expiration of the presence condition applicable to performance shares granted in 2019.

Performance shares were valued by an independent expert using a Monte Carlo mathematical pricing model. The model takes into account various events that might take place while the performance shares are valid, including various points in time at which the pre-determined requirements for both performance and presence within the Company are tested. Based on this model, each performance share was worth €81.90 as of the grant date (July 8, 2019), as indicated in the table above. This value reflects the particularly restrictive scheme that ensures alignment of the Executive Board's interests with the Company's objectives. In any event, this value is theoretical: the Company has paid no cash amount to the beneficiaries with regard to these shares.

The ten non-corporate officer employees to whom the largest number of performance shares were granted in 2019 were allocated a total of 48,800 shares (it being specified that in 2019, there were two separate allocation plans, and the number of 48,800 corresponds to the cumulative total of shares allocated under both plans).

2. Performance shares for which the performance conditions were met in 2019

Fulfillment of performance conditions for performance shares granted to the Executive Board:

- performance shares granted on July 7, 2017: the performance condition for the vesting of these shares was an increase by 5% of the Wendel average closing share price over the 50 days preceding the annual meeting over the period 2017-2018. This performance condition was fulfilled, so the first half of the performance shares vested after the two-year period expired, provided that the presence condition was met. The second half of the shares was to be vested subject to a 10.25% increase in the average of the 50 closing prices of the Wendel share preceding the Shareholders' Meeting for the 2017-2019 period. As that performance condition was not met, the second half of the performance shares granted on July 7, 2017, were not vested.

3. Performance shares that became available in 2019

Table 7 under the Afep-Medef Code – Performance shares that became available in 2019

	Plan No. and date	Number of shares that became available during the year	Acquisition terms
Bernard Gautier	Plan 9-1 Date: July 7, 2017	5,662	See above

4. Previous performance share grants

Table 9 under the Afep-Medef Code – Summary of all performance share grants to date

Situation as of 31/12/2019	Plan 5-1	Plan 6-1	Plan 7-1	Plan 8-1	Plan 9-1	Plan 10-1	Plan 11-1	Plan 11-2
Date of Shareholders' Meeting	May-28, 2013	Jun-06, 2014	Jun-05, 2015	Jun-01, 2016	May-18, 2017	May-17, 2018	May-16, 2019	
No. of authorized shares as % of capital	0.30%	0.30%	0.3333%	0.3333%	0.3333%	0.5000%	0.5000%	
Share grants as % of capital	0.13%	0.14%	0.147%	0.286%	0.167%	0.283%	0.203%	0.138%
Executive Board decision date	Jul-01, 2013	Jul-08, 2014	Jul-15, 2015	Jul-07, 2016	Jul-07, 2017	Jul-06, 2018	Jul-08, 2019	
Number of performance shares granted	**64,595**	**68,928**	**70,268**	**137,122**	**78,632**	**130,860**	**91,833**	**62,480**
of which, shares granted to corporate officers:								
André François-Poncet	-	-	-	-	-	37,023	36,126	0
Frédéric Lemoine	17,838	17,544	17,249	34,572	16,984	-	-	-
Bernard Gautier	11,892	11,696	11,500	23,048	11,323	11,107	10,837	0
David Darmon(1)	-	-	-	-	-	-	-	-
Shares to be issued/existing shares	existing	existing	existing	existing	existing	existing	existing	existing
Vesting date	Jul-01, 2015	Jul-08, 2016	Jul-17, 2017	Jul-09, 2018	Jul-08, 2019	Jul-06, 2021	Jul-08, 2022	Jul-10, 2023
End of holding period	Jul-01, 2017	Jul-08, 2018	Jul-17, 2019	Jul-09, 2018	Jul-08, 2019	Jul-06, 2021	Jul-08, 2022	Jul-10, 2023
Performance conditions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Share value at grant date	€82.90	€107.30	€112.39	€94.38	€134.43	€120.61	€119.72	€119.72
Share value at vesting date	€111.00	-	€127.95	€120.00	€120.90	-	-	-
Number of shares vested	**64,595**	**0**	**65,363**	**131,917**	**30,064**	**0**	**0**	**0**
Cumulative number of canceled or expired shares	**0**	**68,928**	**4,905**	**5,205**	**48,568**	**20,947**	**10,837**	**-**
Number of shares not yet vested	**0**	**0**	**0**	**0**	**0**	**109,913**	**80,996**	**62,480**

(1) David Darmon was not awarded any performance shares for his term of office because the 2019 grant was decided prior to his appointment on September 9, 2019.

Multi-year variable compensation

Corporate officers do not receive any multi-year variable compensation. Accordingly, Table 10 of the Afep-Medef Code is not applicable.

Position of executive corporate officers with respect to Afep-Medef recommendations

The position of executive corporate officers complies in every respect with Afep-Medef recommendations.

Table 11 under the Afep-Medef Code

	Employment contract		Supplementary pension plan		Payments or benefits due or likely to be due upon departure or a change in responsibility		Non-compete clause payments	
Executive corporate officers	Yes	No	Yes	No	Yes	No	Yes	No
André François-Poncet Chairman of the Executive Board (January 1, 2018 – April 6, 2021)		X		X	X			X
Bernard Gautier Member of the Executive Board (April 7, 2009 – April 6, 2013; April 7, 2013 – April 6, 2017; April 7, 2017 – September 9, 2019)	X			X	X			X
David Darmon Member of the Executive Board (September 9, 2019 – April 6, 2021)	X			X	X			X

Employment contract

Bernard Gautier's employment contract ended on March 10, 2020, at the end of a six-month notice period that began on September 11, 2019.

For David Darmon's employment contract, see section 2.2.1.1 "Compensation policy for Executive Board members."

Termination benefits

See sections 2.2.1.1 "Compensation policy for Executive Board members" and 2.2.2.3 "Termination benefits."

Compensation received by the members of the Supervisory Board

Since 2017, the annual amount of compensation paid to Supervisory Board members is maximum €900,000. Since 2019, this compensation includes a variable portion based on attendance. For 2019, the amount of compensation was as follows:

- Ordinary compensation:
  - fixed ordinary compensation: €25,000,
  - variable ordinary compensation: €4,000 per scheduled meeting;
- Additional compensation for Committee membership:
  - fixed compensation for Committee membership: €10,000,
  - variable compensation for committee membership: €2,000 per scheduled meeting;
- Compensation for chairing a committee:
  - fixed compensation: €25,000,
  - variable compensation: €4,000 per scheduled meeting;
- Compensation for the Chairman of the Supervisory Board:
  - fixed compensation: €52,000,
  - variable compensation: €8,000 per scheduled meeting;
- Annual compensation of €250,000 for the Chairman of the Supervisory Board and annual compensation of €25,000 for the Lead independent member of the Supervisory Board for his specific mission.

Members of the Board may be reimbursed for their travel expenses. The expense reimbursement policy for Supervisory Board members was approved by the Supervisory Board, on the recommendation of the Governance and Sustainability Committee. The compensation received by the non-executive corporate officers in relation to their positions at Wendel and all companies in the Group are presented in the following table.

Table 3 under the Afep-Medef Code

The amounts awarded correspond to the amounts paid, as there is no lag between the granting and payment of compensation to Supervisory Board members.

Non-executive corporate officers	Amounts paid in 2019	Amounts paid in 2018
FRANÇOIS DE WENDEL – CHAIRMAN UNTIL MAY 17, 2018		
Compensation for term of office	69,000	80,831
Compensation for term of office + Wendel-Participations fees	10,000	15,000
Compensation as Chairman of the Supervisory Board	-	29,166
Total	**79,000**	**124,997**
NICOLAS VER HULST – CHAIRMAN AS OF MAY 17, 2018		
Compensation for term of office	100,000	87,500
Compensation for Wendel-Participations term of office	10,000	10,000
Compensation as Chairman of the Supervisory Board	250,000	145,833
Total	**360,000**	**243,333**
DOMINIQUE HÉRIARD DUBREUIL		
Compensation for term of office (until May 17, 2018)	-	49,999
FRANCA BERTAGNIN BENETTON		
Compensation for term of office	71,000	39,166
BÉNÉDICTE COSTE		
Compensation for term of office	69,000	70,000
Compensation for Wendel-Participations term of office	10,000	10,000
Total	**79,000**	**80,000**
ÉDOUARD DE L'ESPÉE		
Compensation for term of office	69,000	70,000
Compensation for Wendel-Participations term of office	10,000	10,000
Total	**79,000**	**80,000**
NICHOLAS FERGUSON		
Compensation for term of office	69,000	70,000
PRISCILLA DE MOUSTIER		
Compensation for term of office	69,000	70,000
Compensation for Wendel-Participations term of office	10,000	10,000
Compensation as Chairwoman and CEO of Wendel-Participations	30,000	17,500
Total	**109,000**	**97,500**
GERVAIS PELLISSIER		
Compensation for term of office	69,000	70,000
Compensation of lead independent member of the Supervisory Board	25,000	-
Total	**94,000**	
GUYLAINE SAUCIER		
Compensation for term of office	118,000	120,000
JACQUELINE TAMMENOMS BAKKER		
Compensation for term of office	114,000	97,499
HUMBERT DE WENDEL		
Compensation for term of office	69,000	70,000
Compensation for Wendel-Participations term of office	10,000	10,000
Total	**79,000**	**80,000**
Sophie Parise(1)		
Compensation for term of office	-	-
Total	**1,221,000**	**1,152,494**
Of which total Wendel compensation and compensation of the Supervisory Board Chairman and Lead member	1,161,000	1,069,994

(1) *In her capacity as member of the Supervisory Board representing employees, Sophie Parise does not receive any compensation for her duties as a member of the Supervisory Board, and the table above does not include the compensation paid to her by the Company under her employment contract.*

2.2.2.3 Termination benefits

The terms of the termination benefits that may be paid to André François-Poncet and David Darmon are described in section 2.2.1.1 "Compensation policy for Executive Board members".

As regards to Bernard Gautier, for the end of his term of office and employment contract, the Supervisory Board of Wendel, in its meeting of September 27, 2019, noted that the performance conditions for the payment of Bernard Gautier's termination benefits in the amounts set forth below had been fulfilled.

These performance conditions had been previously defined by the Supervisory Board on May 6, 2009 and published on May 12, 2009. They had been reiterated by the Supervisory Board when Bernard Gautier's Executive Board membership was renewed on March 27, 2013, and March 22, 2017, and approved at the Shareholders' Meetings held on May 28, 2013, and May 18, 2017 (see the 2018 Registration Document, pp. 112-113).

In the event of termination of his employment contract, Bernard Gautier was entitled to termination benefits equal to one year of gross fixed and target maximum variable compensation, computed on the basis of the average of the yearly compensation allocated for the last three years for which the financial statements have been approved. If these termination benefits were greater than those provided for by the collective bargaining agreement, the difference could only be paid if, in two of the three years preceding his departure, Bernard Gautier had received variable compensation of at least 50% of his target maximum variable compensation for those three years.

The Supervisory Board determined that this condition was met: 85.23% of objectives were achieved in 2016, 92.13% in 2017 and 82.1% in 2018. The amount of benefits paid for this portion is €1,737,333, including contractually payable termination benefits for dismissal.

In the event of termination of his term of office on the Executive Board, Bernard Gautier was entitled to severance pay equal to one year of gross fixed and target maximum variable compensation, computed on the basis of the average of the yearly compensation allocated for the last three years for which the financial statements had been approved, provided that:

- for two of the three years prior to his departure, Bernard Gautier received variable compensation of at least 50% of his target maximum variable compensation for those three years (condition described and acknowledged above);
- the NAV per share at the end of the term (NAV at June 30, 2019) is greater than 90% of the reference NAV (average of NAV at March 31, 2019, and at December 31, 2018).

The Supervisory Board acknowledged that these conditions have been met. The NAV at June 30, 2019, amounted to €165.40 per share, and the reference NAV amounted to €157.05 per share. The NAV at June 30, 2019, is therefore greater than 90% of the reference NAV. The amount of termination benefits paid for this portion of the termination benefits was €1,737,333.

The commitments made by Wendel to Bernard Gauthier for his termination benefits are in compliance with the recommendations of the Afep-Medef Code. In particular, the total amount of termination benefits pay does not exceed two years' gross fixed and variable maximum target compensation.

Furthermore, the Supervisory Board did not waive the strict application of the presence condition attached to the options and performance shares granted to Bernard Gautier that were not yet exercisable/vested at the time of the termination of his duties. Consequently, due to the termination of his employment contract, Bernard Gautier has forfeited all of the rights listed below that expire after the notification of the termination of his employment contract by the Company, in accordance with the provisions of the applicable plans:

- options: 16,892 options under the W-11 2018 plan and 32,965 options under the W-12 2019 plan;
- performance shares: 11,107 2018 performance shares under the 10-1 plan and 10,837 2019 performance shares under the 11-1 plan.

In addition, in order to put an end to the existing dispute over the terms and conditions of the end of the corporate office and the termination of the employment contract, a settlement agreement was signed on September 30, 2019, under which a settlement compensation of €132,000 was paid to Bernard Gautier by the Company.

2.2.2.4 Compensation paid or awarded by a company in the scope of consolidation

The compensation paid or granted by the companies included in the scope of consolidation is presented in the following tables:

- for members of the Executive Board: Tables 1 and 2 under the Afep-Medef Code;
- for Supervisory Board members: Table 3 under the Afep-Medef Code.

This is solely about compensation granted or paid for corporate offices held in companies included in the Company's scope of consolidation.

2.2.2.5 Ratios between the level of compensation of executive corporate officers and the average and median compensation of Company employees

In accordance with Article L 225-37-3 I, paragraph 6 of the French Commercial Code, are presented below for the Chairman of the Executive Board, the member of the Executive Board and the Chairman of the Supervisory Board, the ratios between the level of compensation of each of these executives and (i) the average compensation on a full-time equivalent basis of the Company's non-corporate officer employees and (ii) the median compensation on a full-time equivalent basis of the Company's non-corporate officer employees.

The Company referred to the guidelines published by Afep to define the methodology used to calculate the ratios described below.

Methodology:

Numerator (top management)	Description
Compensation and benefits of all kinds paid or granted in 2019	■ Fixed compensation ■ Variable compensation paid in 2019 for 2018 ■ Exceptional compensation paid in 2019 ■ Compensation for corporate offices held in companies included in the Company's scope of consolidation paid in 2019 for 2018 ■ Stock subscription or purchase options granted in 2019(1) ■ Performance shares granted in 2019(2) ■ Paid employee savings (profit-sharing, PEG and PERCO contributions) ■ Paid benefits of all kinds
Denominator (employees)	
Compensation and benefits of all kinds paid or granted in 2019	■ Fixed compensation ■ Variable compensation paid in 2019 for 2018 ■ Exceptional compensation paid in 2019 ■ Stock subscription or purchase options granted in 2019(1) ■ Performance shares granted in 2019(2) ■ Paid employee savings (profit-sharing, PEG and PERCO contributions) ■ Paid benefits of all kinds

(1) Options were valued by an independent expert using a Monte Carlo mathematical pricing model (see Table 4 under the Afep-Medef Code above).
(2) Performance shares were valued by an independent expert using a Monte Carlo mathematical pricing model (see Table 6 under the Afep-Medef Code above).

In accordance with Afep guidelines, non-recurring components of compensation were excluded from calculations to avoid distortion of the comparability of ratios. The following items are excluded: termination benefits, non-compete payments and supplementary pension plans.

The scope taken into consideration for employees is the Wendel SE workforce in France. Any employees who joined or left during the year were excluded from the calculations. In the event of a seamless replacement, the compensation for each of the employees (the departing employee and the replacement) for their period of work was taken into account and counted as one position (not two employees). If there was an interruption during a replacement, between the end of the first contract and the beginning of the new contract, those two employees were considered arrivals and departures during the year and not taken into account.

In the case of the Chairman of the Executive Board, the Executive Board member and the Chairman of the Supervisory Board, in the event that the term of office ends during the year, the ratio was calculated by taking into account the cumulative compensation paid to the departing and incoming officers in proportion to their respective terms of office (ratio expressed according to position, not individually).

Table:

	2019	2018	2017	2016	2015
Chairman of the Executive Board					
Ratio to average compensation	19.27	19.31	18.53	19.40	19.50
Ratio to median compensation	38.56	38.80	36.64	37.74	34.95
Member of the Executive Board					
Ratio to average compensation	11.49	11.81	12.33	12.93	12.97
Ratio to median compensation	22.99	23.73	24.38	25.16	23.25
Chairman of the Supervisory Board					
Ratio to average compensation	1.20	1.12	0.59	0.68	0.67
Ratio to median compensation	2.41	2.26	1.16	1.32	1.20

2.2.2.6 Evolution of compensation and performance table

In accordance with Article L 225-37-3 I, paragraph 7 of the French Commercial Code, the annual evolution in compensation, Company performance, average compensation on a full-time equivalent basis of the Company's non-executive employees and the ratios in section 2.2.2.5, in the last five years are presented below.

	2019	2018	2017	2016	2015
CORPORATE OFFICERS					
Compensation of Executive Board members					
Chairman	5,597,164	4,731,811	4,645,427	3,994,940	4,074,681
Member	3,337,411	2,893,506	3,091,245	2,663,208	2,710,190
TOTAL	8,934,575	7,625,317	7,736,672	6,658,148	6,784,871
Compensation of Supervisory Board members					
Chairman	350,000	274,998	147,000	140,000	140,000
Members	811,000	794,996	619,500	555,000	555,000
TOTAL	1,161,000	1,069,994	766,500	695,000	695,000
EMPLOYEES					
Average compensation (excluding corporate officers)	290,463	245,083	250,664	205,948	208,915
RATIOS					
Compared to average employee compensation					
Chairman of the Executive Board	19.27	19.31	18.53	19.40	19.50
Member of the Executive Board	11.49	11.81	12.33	12.93	12.97
Chairman of the Supervisory Board	1.20	1.12	1.16	0.68	0.67
Compared to median employee compensation					
Chairman of the Executive Board	38.56	38.80	36.64	37.74	34.95
Member of the Executive Board	22.99	23.73	24.38	25.16	23.25
Chairman of the Supervisory Board	2.41	2.26	0.59	1.32	1.20
COMPANY PERFORMANCE					
NAV per share at December 31	166.3	147.4	176.4	153.9	136.4

2.2.3 Breakdown of compensation paid in 2019 or awarded for 2019 to Executive Board members and the Chairman of the Supervisory Board, submitted to a shareholders' vote

In accordance with Article L. 225-100, III of the French Commercial Code, the following elements of the compensation paid or granted to Executive Board members and the Chairman of the Supervisory Board for 2019 must be submitted to a vote of shareholders:

- fixed compensation;
- variable compensation for the year, including any multi-year variable portion, together with the objectives contributing to the determination of that variable compensation;
- exceptional compensation;
- stock options, performance shares, and any other form of long-term compensation;
- welcome bonuses and termination benefits;
- supplementary pension plans;
- any other benefits.

It is proposed that the Shareholders' Meeting of July 2, 2020 vote on the elements of compensation paid in 2019 or awarded for 2019 to André François-Poncet, Bernard Gautier, David Darmon and Nicolas ver Hulst in respect of their terms of office. This will be covered in resolutions No. 11, 12, 13 and 14 of the Shareholders' Meeting (see section 9.5).

Breakdown of compensation paid in 2019 or awarded for 2019 to André François-Poncet, Chairman of the Executive Board, to be submitted to a shareholders' vote

Form of compensation	Amounts	Comments
Gross fixed compensation	€1,150,000	The fixed compensation was approved by the Supervisory Board on November 16, 2017. This amount has been unchanged since the appointment of André François-Poncet as Chairman of the Executive Board. It is paid partly in the form of compensation paid or granted for corporate offices held in companies included in the Company's scope of consolidation (in this regard, €175,500 was paid in the year ended December 31, 2019 and €167,000 was granted for the year ended December 31, 2019).
Gross annual variable compensation	€1,102,965	Annual variable compensation awarded for 2019 If all the financial (65%) and non-financial (35%) objectives are achieved, the variable compensation will total 115% of fixed compensation. The financial objectives were: performance of Bureau Veritas; development of unlisted companies in the portfolio and debt level. The non-financial objectives were: digitalization and cybersecurity, improvement of the performance of the companies in the portfolio through the recruitment of operating partners; acceleration of the CSR strategy, implementation of talent management initiatives and continuation and strengthening of the anti-corruption procedures of the Sapin law. For detailed information on the achievement of these various objectives, see section 2.2.2.2 "Total compensation and any other benefits", paragraph "Summary of each executive corporate officer's compensation". On March 18, 2020, upon the recommendation of the Governance and Sustainability Committee, the Supervisory Board set André François-Poncet's variable compensation at 83.4% of his maximum variable compensation, or €1,102,965. The amount of variable compensation thus determined represents 95.91% of the gross fixed compensation granted for 2019. The payment of André François-Poncet's variable compensation is subject to the approval of the Shareholders' Meeting of July 2, 2020. (resolution No. 11).
	€1,085,773	Annual variable compensation paid in 2019 The gross annual variable compensation granted for 2018 was paid in 2019 following the approval of the Shareholders' Meeting of May 16, 2019, resolution No. 10.
Performance shares	36,126 performance shares valued at €2,958,719	Under the authorization granted by shareholders at the May 16, 2019 Annual meeting and upon the recommendation of the Governance and Sustainability Committee, the Supervisory Board decided on July 8, 2019 to grant performance shares to Executive Board members. Subject to and without prejudice to the presence condition, vesting of the performance shares is subject to three performance conditions. The first condition measures the absolute performance of Wendel's annualized TSR over three years; if the performance is over 9%, the condition is 100% met; if this TSR is less than 5%, the condition is not met. Between these two limits, the performance condition is evaluated on a linear basis. The second condition measures the relative performance of Wendel's cumulative TSR (non annualized) over three years with the performance of the SBF 120 TSR; if Wendel's TSR is at least 9 points higher than that of SBF 120, then the performance condition is fully met; if Wendel's TSR is equal to SBF 120 TSR, then the performance condition is 60% met; if Wendel's TSR is at least 3 points lower than that of SBF 120, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis. The third condition measures the relative performance of Wendel's TSR over three years with the TSR of a basket of comparable listed investment and holding companies. If Wendel's TSR is in the top decile, then the performance condition is fully met; if Wendel's TSR is equal to the upper limit of the lowest decile, then the performance condition is 20% met; if Wendel's TSR is in the lowest decile, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis.
Stock options (subscription and/or purchase)	22,579 stock options valued at €383,843	Under the authorization granted by shareholders at the May 16, 2019 Annual meeting and upon the recommendation of the Governance and Sustainability Committee, the Supervisory Board decided on July 8, 2019 to grant stock options to Executive Board members. Subject to and notwithstanding the two-year presence condition, the number of options that may be exercised is tied to the level of the ordinary dividend (excluding any exceptional dividends): the dividend paid each year must be greater than or equal to the dividend paid the previous year, with the growth in the ordinary dividend paid from one year to the next being verified at the end of a three-year period.
Other compensation	€210,651 awarded €5,808 paid	His subscription to the 2019 capital increase reserved for members of the Group savings plan, in accordance with applicable laws, was matched by a contribution of €5,808 and benefitted from a share price discount of 30% on subscribed shares, representing a value of €174,450. Gross profit-sharing for 2019 to be received in 2020 (€30,393).

Form of compensation	Amounts	Comments
Benefits of all kinds	€122,760	As part of the acquisition of Crisis Prevention Institute (CPI), André François-Poncet co-invested in this company, with the prior authorization of the Supervisory Board on November 6, 2019, in accordance with the applicable rules for the period 2018-2021. The subscription price is the same for Wendel and other co-investors, and does not take into account carried interest rights, which have a total accounting value of €109,740. André François-Poncet benefited from unemployment insurance taken out with the GSC (social guarantee for Company managers), the amount for the 2019 fiscal year being €13,020.
Termination benefits	None owed or paid	On November 16, 2017, the Supervisory Board made the following commitments: ■ severance payment equal to fixed monthly compensation at the time of removal times the number of months in office, limited to 24 months of fixed compensation; ■ subject to two performance conditions: (i) the dividend paid out of the profit for year n-2 must be greater than or equal to the one paid out of the profit for year n-3 and (ii) A. François-Poncet must have received at least 37% of his maximum variable compensation for one of the two previous years; As an exception to the foregoing, in the event that Wendel-Participations loses control of Wendel: ■ severance payment of 36 months of fixed compensation as it stands at the time of departure; ■ subject to the payment of a dividend for each of the years prior resignation or removal greater than or equal to the dividend paid on 2016 earnings. For detailed information on termination benefits, see section 2.2.1.1 "Compensation policy for Executive Board members", paragraph "Termination benefits".

André François-Poncet is not entitled to any of the following benefits: multi-year variable compensation, exceptional compensation, a non-compete clause payment, or a supplementary pension plan. André François-Poncet does not use the company car and driver that may be made available to him.

Breakdown of compensation paid in 2019 or awarded for 2019 to Bernard Gautier, member of the Executive Board until September 9, 2019, to be submitted to a shareholders' vote

Form of compensation	Amounts	Comments
Gross fixed compensation	€840,000	The fixed compensation was approved by the Supervisory Board on October 20, 2016, upon the proposal of the Executive Board Chairman. It is paid partly in the form of compensation paid or granted for corporate offices held in companies included in the Company's scope of consolidation (in this regard, €75,000 was paid for 2019).
Gross annual variable compensation	€805,644	Annual variable compensation awarded for 2019: If all the financial (65%) and non-financial (35%) objectives are achieved, the variable compensation will total 115% of fixed compensation. The financial objectives were: performance of Bureau Veritas; development of unlisted companies in the portfolio; and debt level. The non-financial objectives were: digitalization and cybersecurity, improvement of the performance of the companies in the portfolio through the recruitment of operating partners; acceleration of the CSR strategy, implementation of talent management initiatives and continuation and strengthening of the anti-corruption procedures of the Sapin law. For detailed information on the achievement of these various objectives, see section 2.2.2.2 "Total compensation and any other benefits", paragraph "Summary of each executive corporate officer's compensation". On March 18, 2020, upon the proposal of the Executive Board Chairman and the recommendation of the Governance and Sustainability Committee, the Supervisory Board set variable compensation of Bernard Gautier at 83.4 % of his maximum variable compensation, or €805,644. The amount of variable compensation thus determined represents 95.91% of the gross fixed compensation awarded for 2019.
	€793,086	Annual variable compensation paid in 2019: The gross annual variable compensation granted for 2018 was paid in 2019 following the approval of the Shareholders' Meeting of May 16, 2019, resolution No. 11.
Performance shares	N/A	10,837 performance shares were granted on July 8, 2019 to Bernard Gautier for a value of €887,550. These performance shares were forfeited due to the termination of Bernard Gautier's duties on September 9, 2019. The Supervisory Board did not waive the strict application of the presence condition attached to the performance shares granted to Bernard Gautier that were not yet vested at the time of the termination of his duties.
Stock options (subscription and/or purchase)	N/A	32,965 stock options were granted on July 8, 2019 to Bernard Gautier for a value of €560,405. These options were forfeited due to the termination of Bernard Gautier's duties on September 9, 2019. The Supervisory Board did not waive the strict application of the presence condition attached to the options granted to Bernard Gautier.
Other compensation	€147,355 awarded €12,292 paid	His subscription to the 2019 capital increase reserved for members of the Group savings plan, in accordance with applicable laws, was matched by a contribution of €5,808 and benefitted from a share price discount of 30% on subscribed shares representing a value of €104,670. He also invested in PERCO and benefited from a contribution of €6,484 in this respect. Gross profit-sharing for 2019 to be received in 2020 (€30,393).
Benefits of all kinds	N/A	-

Form of compensation	Amounts	Comments
Termination benefits	€3,474,666	In connection with the end of Bernard Gautier's term of office and of his employment contract, the Supervisory Board of Wendel, in its meeting of September 27, 2019, noted that the performance conditions for the payment of Bernard Gautier's termination benefits in the amounts set forth below had been fulfilled. These performance conditions had been previously defined by the Supervisory Board on May 6, 2009 and published on May 12, 2009. They were reiterated by the Supervisory Board when Bernard Gautier's Executive Board membership was renewed on March 27, 2013, and March 22, 2017, and approved at the Shareholders' Meetings held on May 28, 2013, and May 18, 2017 (see the 2018 Registration Document, pp. 112-113). In the event of termination of his employment contract, Bernard Gautier was entitled to termination benefits equal to one year of gross fixed and target maximum variable compensation, computed on the basis of the average of the yearly compensation allocated for the last three years for which the financial statements have been approved. If these termination benefits were greater than those provided for by the collective bargaining agreement, the difference could only be paid if, in two of the three years preceding his departure, Bernard Gautier had received variable compensation of at least 50% of his target maximum variable compensation for those three years. The Supervisory Board determined that this condition was met: 85.23% of objectives were achieved in 2016, 92.13% in 2017 and 82.1% in 2018. The amount of benefits for that portion is €1,737,333, including contractually payable termination benefits for dismissal. This amount was paid in March 2020 at the end of the six-month notice period that began on September 11, 2019. In the event of termination of his term of office on the Executive Board, Bernard Gautier was entitled to severance pay equal to one year of gross fixed and target maximum variable compensation, computed on the basis of the average of the yearly compensation allocated for the last three years for which the financial statements have been approved, provided that: ■ for two of the three years prior to his departure, Bernard Gautier received variable compensation of at least 50% of his target maximum variable compensation for those three years (condition described and acknowledged above); ■ the NAV per share at the end of the term (NAV at June 30, 2019) is greater than 90% of the reference NAV (average of NAV at March 31, 2019, and at December 31, 2018). The Supervisory Board acknowledged that these conditions have been met. The NAV at June 30, 2019, amounted to €165.40 per share, and the reference NAV amounted to €157.05 per share. The NAV at June 30, 2019, is therefore greater than 90% of the reference NAV. The amount of termination benefits paid for this portion of the termination benefits is €1,737,333.
Settlement compensation	€132,000	In order to put an end to the existing dispute over the terms and conditions of the end of the corporate office and the termination of the employment contract, a settlement agreement was signed on September 30, 2019, under which an indemnity of €132,000 was paid to Bernard Gautier by the Company.

Bernard Gautier is not entitled to any of the following benefits: multi-year variable compensation, exceptional compensation, a non-compete clause payment, or a supplementary pension plan.

Breakdown of compensation paid in 2019 or awarded for 2019 to David Darmon, member of the Executive Board as from September 9, 2019, to be submitted to a shareholders' vote

Form of compensation	Amounts	Comments
Gross fixed compensation	€188,095	The fixed compensation was approved by the Supervisory Board on September 27, 2019, upon the proposal of the Executive Board Chairman. The amount of fixed compensation was prorated with respect to the annual amount of €600,000 and the date of appointment as a member of the Executive Board (September 9, 2019).
Gross annual variable compensation	€180,402	Annual variable compensation awarded for 2019: If all the financial (65%) and non-financial (35%) objectives are achieved, the variable compensation will total 115% of fixed compensation. The financial objectives were: performance of Bureau Veritas; development of unlisted companies in the portfolio; and debt level. The non-financial objectives were: digitalization and cybersecurity, improvement of the performance of the companies in the portfolio through the recruitment of operating partners; acceleration of the CSR strategy, implementation of talent management initiatives and continuation and strengthening of the anti-corruption procedures of the Sapin law. For detailed information on the achievement of these various objectives, see section 2.2.2.2 "Total compensation and any other benefits", paragraph "Summary of each executive corporate officer's compensation". On March 18, 2020, upon the proposal of the Executive Board Chairman and the recommendation of the Governance and Sustainability Committee, the Supervisory Board set variable compensation of David Darmon at 83.4% of his maximum variable compensation, or €180,402, prorated with regard to the date of appointment as a member of the Executive Board (September 9, 2019). The amount of variable compensation thus determined represents 95,91% of the gross fixed compensation granted for 2019. The payment of David Darmon's variable compensation is subject to the approval of the Shareholders' Meeting of July 2, 2020 (resolution No. 13).
	-	Annual variable compensation paid in 2019: None.
Performance shares	-	**None**. The granting of performance shares to members of the Executive Board was decided by the Supervisory Board on July 8, 2019, prior to the appointment of David Darmon to the Executive Board.
Stock options (subscription and/or purchase)	-	**None.** The granting of options to members of the Executive Board was decided by the Supervisory Board on July 8, 2019, prior to the appointment of David Darmon to the Executive Board.
Other compensation	€9,446	Gross profit-sharing for 2019 to be received in 2020.
Benefits of all kinds	€319,316 paid €503,131 awarded	As part of the acquisition of Crisis Prevention Institute (CPI), David Darmon co-invested in this company, with the prior authorization of the Supervisory Board on November 6, 2019, in accordance with the applicable rules for the period 2018-2021. The subscription price is the same for Wendel and other co-investors, and does not take into account carried interest rights, which have a total accounting value of €183,815. Other benefits in kind are linked to his transitional situation as an expatriate in the United States. They consist of: $303,288 or €275,716 for the expatriation allowance (to compensate for the additional costs related to his situation in the United States), and €43,600 for the defrayal by the Company of the costs of health and welfare coverage, membership in the Caisse des Français à l'Étranger, the CRE-IRCAFEX supplementary pension plans (Agirc-Arrco institutions) and Pôle Emploi International unemployment insurance.
Termination benefits	None owed or paid	On September 27, 2019, the Supervisory Board made the following commitments: ▪ termination benefits equal to the gross monthly fixed compensation multiplied by the number of months of presence as a member of the Executive Board, such payment being capped to18 months of fixed compensation; ▪ subject to two cumulative performance conditions: (i) the receipt, for the last two years ended prior to departure, of variable compensation equal to at least 70% of the maximum variable compensation that may be awarded; and (ii) the amount of the last known ordinary dividend on the date of departure must be greater than the dividend for the previous financial year. Since David Darmon's employment contract governed by French law was suspended during his term of office, said contract will take effect again at the end of his term of office and may entitle him, if applicable, to statutory and contractual termination benefits. These benefits, combined with those owed for his term of office, are capped at 18 months of the average monthly fixed and variable compensation actually paid for the last year preceding the departure. For detailed information on termination benefits, see section 2.2.1.1 "Compensation policy for Executive Board members", paragraph "Termination benefits".

David Darmon is not entitled to any of the following benefits: multi-year variable compensation, exceptional compensation, a non-compete clause payment, or a supplementary pension plan.

Breakdown of compensation paid in 2019 or granted for 2019 to Nicolas ver Hulst, Chairman of the Supervisory Board, to be submitted to a shareholders' vote

Form of compensation	Amounts	Comments
Gross fixed compensation	€250,000	The compensation for the Chairman of the Supervisory Board was fixed by the Supervisory Board on March 21, 2018 at €250,000, in line with market practices. It has not changed.
Compensation related to meetings	€100,000	In accordance with the compensation policy for members of the Supervisory Board approved by the Shareholders' Meeting of May 16, 2019, this amount corresponds to the "fixed fee" of €52,000 and the payment of the "variable fee" of €8,000 per scheduled meeting. Nicolas ver Hulst attended all 6 scheduled meetings that took place in 2019.

Nicolas ver Hulst is not entitled to any of the following benefits: variable compensation, multi-year variable compensation, exceptional compensation, stock options, performance shares, benefits of any kind, a severance package, a non-compete clause payment, or a supplementary pension plan.

3 RISK FACTORS

3.1 Risk factors

Wendel regularly evaluates its own risk factors and those of its consolidated subsidiaries, operating subsidiaries, and holding companies. The risk management process is described in section 3.2 below, “Risk management and internal control systems.”

The risk factors presented in this section are those that are specific to the Company and/or its marketable securities which could have a material net effect on the business operations, financial position or future performance of the Company or of the companies that were fully consolidated during the financial year ended and as of the date of this Universal Registration Document.

This section is not intended to provide a full list of all of the Group’s risk factors. In particular, other risks that Wendel does not consider specific to its activities in that, to varying degrees, they are also relevant to other issuers irrespective of the business, such as, for example, risks linked to IT security, could have an equally negative impact on Wendel or its activities, its financial position, profits or outlook. Other risks, of which the company is unaware as of the date of this Universal Registration Document, may exist or arise.

As regards the exceptional situation resulting from the COVID-19 global pandemic, although the situation is evolving rapidly and its consequences are difficult to measure with sufficient precision as of the date of this document, a specific risk factor is presented below. Where possible, Wendel has also endeavored to describe the initial impacts on its portfolio companies in Section 1.4 "Subsidiaries and associated companies."

Risk factors fall into 4 categories:

- Risks relating to Wendel’s operations and business
- Financial risks
- External risks
- Risks related to governance

Risks are ranked within their respective categories by reverse order of importance according to their likelihood of occurrence and estimated impact and having factored in mitigation measures.

The summary table below is intended to present an overview of these risks according to their net impact, based on whether they are considered by Wendel to be high, medium or low risk (decreasing order).

Risk category	Risk factors	Evaluation
3.1.1 Operational and business risks	3.1.1.1 Risks related to geographical exposure and asset concentration	High
	3.1.1.2 Risks related to the robustness of portfolio companies’ business models	High
	3.1.1.3 Risks related to due diligence on contemplated investments and divestments	Medium
	3.1.1.4 Risks related to valuing portfolio companies	Medium
	3.1.1.5 Risks related to the reliability of information transmitted by portfolio companies	Low
3.1.2 Financial risks	3.1.2.1 Equity risk	High
3.1.3 External risks	3.1.3.1 Risks related to the COVID-19 pandemic	High
	3.1.3.2 Risks related to legislative and regulatory changes	Medium
3.1.4 Risks related to governance	3.1.4.1 Risks related to the presence of a majority shareholder	Low

In addition, risks specific to companies in the portfolio are also presented in section 3.1.5 for each of the companies within the scope of the fully consolidated company. Risk factors related to Bureau Veritas are presented in more detail in its own Registration Document.

3.1.1 Operational and business risks

3.1.1.1 Risks related to geographical exposure and asset concentration

Presentation of risk

A high level of concentration in specific regions and sectors can create significant economic risks for the portfolio in the event of a downturn in those regions or sectors. Wendel has been taking steps to diversify its asset allocation since 2013.

However, by increasing the regional diversification of its assets, Wendel has also increased its exposure to currency risk and to certain specific risks, such as in Africa.

Wendel deems its investment in Bureau Veritas to be a high-quality asset. This holding accounted for 41.74% of the Company's net asset value at December 31, 2019. Any significant decrease in Bureau Veritas' stock price would have a considerable impact on Wendel's net asset value, especially in the context of high volatility of stock markets related to the COVID-19 pandemic.

IHS operates in five African countries and especially in Nigeria (where 59% of its towers are located). As such, its development could be negatively impacted by legal, regulatory, political or fiscal factors specific to the region and which could be beyond its control. The company is also significantly exposed to a single customer which is also its largest shareholder.

As announced, Wendel continues its strategy of acquiring large scale companies, which could lead to a greater concentration of its assets.

Risk management

The Wendel Group seeks to reduce its sensitivity to regional or sectoral risks by diversifying its assets, in terms of both sector and region. Divestments made in 2018 and 2019 to rationalize Wendel's portfolio by reducing the number of investments, mechanically strengthened the concentration of its assets. Given the composition of the NAV, these divestments have not significantly changed the geographical or sectoral profile of the Group.

Wendel remains vigilant during its acquisitions in riskier geographic areas, such as Africa. In-depth due diligence is conducted and investments are made in partnership with quality investors.

Finally, Wendel's teams perform constant and accurate monitoring of Bureau Veritas and its risks.

IHS is also developing a strategy to reduce the weight of Nigeria in its activities and diverse its customer base.

The portfolio's concentration risk is considered to be high: at December 31, 2019, Wendel's gross assets was made up of 42% of listed assets, (Bureau Veritas for the most part), 45% of unlisted assets and 13% of liquidity.

3.1.1.2 Risks related to the robustness of portfolio companies' business models

Presentation of risk

Wendel's ability to seize investment opportunities, best manage its equity investments, and optimize financing and refinancing depends on how well it is able to assess the stability and resilience of the business models of its portfolio companies, from when those companies are acquired through to when they are divested.

This assessment of companies looks particularly at the following risk factors:

- key people;
- financing: risk related to a company's leverage, cash flow stability, and ability to service its debts, liquidity and ability to meet banking covenants;
- customers and key accounts: risks related to the failure to meet budgets, the potential impact that market trends could have on operating margins, competitive pressure, rapid growth, and execution;
- technology: risk related to disruption by innovative alternative technologies;
- social and environmental responsibility: risks related to compliance with current standards and the capacity to seize opportunities around CSR themes.

Risk management

Risk evaluation is carried out prior to the acquisition of stakes by conducting in-depth due diligence including a significant number of parameters that could affect the business model of the portfolio companies.

Monthly reporting of the performance of portfolio companies is carried out post-acquisition and quarterly monitoring *via* business reviews. The teams were strengthened in this way with the presence of operating partners within the investment team.

Wendel pays special attention to the quality of its managers and its associates and subsidiaries and regularly evaluates their performance.

Appropriate financing was set up with favorable borrowing conditions given recent market characteristics.

In the current context of the COVID-19 pandemic, Wendel is particularly attentive to the cash forecasts of its associated companies and is assisting their top management in adopting solutions that are the most adapted to their circumstances.

Finally, the financing is without recourse to Wendel.

3.1.1.3 Risks related to due diligence on contemplated investments and divestments

Presentation of risk

Equity investments involve a risk at the time an ownership stake is taken in a company, in that the Company's value might be overestimated. The valuation applied to a target company is based in particular on operating, environmental, financial, accounting, social, legal, and tax data communicated during due diligence, and this information might not be entirely accurate or complete. Due diligence processes may also be shorter in length than otherwise expected.

As part of a divestment, Wendel may grant earnouts or representations and warranties.

Proposed investments and divestments are also subject to stock market, debt and venture-capital risks, which can impact the prices and liquidity of these assets.

Risk management

Wendel's due diligence processes are thorough and must meet predetermined investment criteria. Identified risks can, on a case-by-case basis, be covered by a guarantee from the seller. These due diligence processes are updated regularly and include considerations related to CSR and digitalization, as well as aspects related to compliance or internal control. During this due diligence, Wendel also relies on expert advice provided by renowned service providers.

Wendel aims to limit the amount and duration of any earnout clauses and representations and warranties granted during divestments.

Wendel makes co-investments with quality partners in order to better examine its projects and limit its exposure, with the prospect of an alignment of interests.

3.1.1.4 Risks related to valuing portfolio companies

Presentation of risk

Once they have joined the portfolio, the companies in which Wendel has invested must be evaluated periodically. These periodic valuations are used to calculate net asset value (NAV) per share, but they do not necessarily reflect ultimate divestment or listing value (no discount is used in our methodology for listing assets on stock exchange markets). Controlled private companies show less liquidity and are generally of a smaller size than listed companies. High volatility in the financial markets or low economic performances amplified by leveraging linked to the debt of portfolio companies could cause significant fluctuations in the NAV, especially given the current uncertainties surrounding the COVID-19 pandemic.

There is no guarantee that portfolio companies can be sold at a value at least equal to that used to calculate Wendel's NAV, which does not provide any potential discount for an initial public offering or sale. The sale of equity investments can be facilitated or hindered by market conditions. Conversely, some associated companies may find buyers at a significantly higher price than the one set for NAV, particularly in the event of a change of control resulting in a premium.

Risk management

Wendel's NAV is currently calculated and published four times a year, using a precise, stable methodology (see section 5.3). It is finalized by the Executive Board, reviewed by the Audit, Risk and Compliance Committee, and examined by the Supervisory Board (see section 2.1.6). An independent appraiser makes and submits its own valuation. When appropriate, the methodology could be adjusted to obtain a better estimation of the fair value. In addition, in 2019 Wendel commissioned an independent expert to review the aggregates used. At each NAV publication date, the Statutory Auditors verify that the methodology used for calculating net asset value complies with the Group's methodology and confirm consistency with accounting data.

The individual Net Asset Values (NAV) of unlisted equity investments are also approved by the boards of directors of the parent companies in Luxembourg. Independent directors sit on these boards.

In addition to this rigorous and contradictory estimation process, Wendel's business model does not have a time constraint on completing sales. The risk of forced sale at a potentially unfavorable price is consequently limited, generally speaking.

3.1.1.5 Risks related to the transmission of information by portfolio companies

Presentation of risk

Wendel's strategic decisions, such as reinvestments, are made as a result of rigorous analysis by its investment team, with the support of external consultants as needed. However, these analyses are also based on information provided by portfolio companies that prepare their financial statements and forward-looking business models. This financial and strategic information may contain bias, errors, be subject to interpretation or be based on aggregates not comparable to those used by Wendel.

In addition, material information that would be brought to the attention of the public could be based on inaccurate reporting by portfolio companies.

Risk management

Wendel has directors in the governing bodies of portfolio companies (Boards of Directors and Audit Committees) whose mission is to analyze this information and ask the management for additional analysis when necessary. The governing bodies of portfolio companies also include independent directors, who provide an external perspective and additional expertise.

Portfolio companies use independent consultants and experts, if necessary. Statutory Auditors of portfolio companies are chosen from leading firms and are also retained by Wendel with the aim of strong consolidation.

Finally, Wendel has an internal audit team and in 2019 appointed a performance officer whose remit includes ensuring the reliability of information reported by the companies in the portfolio.

3.1.2 Financial risks

In addition to the description of risk below, information related to financial risks is presented in note 5 "Managing financial risks" of the notes to the consolidated financial statements in this document.

3.1.2.1 Equity risk

Presentation of risk

Wendel's assets are mainly investments in which it is the main or controlling shareholder. These assets are listed (Bureau Veritas) or unlisted. The value of these subsidiaries and associates (and as a consequence the value of the Wendel Group) is related in particular to their economic and financial performance, their prospects for expansion and profitability as well as the equity market trends, directly in the case of listed companies and indirectly in the case of unlisted companies, the value of which may be influenced by market parameters. Despite the measures put in place by the investment teams during the investment process or when carrying out regular monitoring of performance, there is a risk that the economic results of investments are not in line with Wendel's expectations.

Moreover, the financial structure and levels of debt of certain unlisted subsidiaries and associates may increase the risk to the value of these subsidiaries and associates. Indeed, reliance on debt may increase financial difficulties in the event of a significant reduction in business restricting the ability to access cash and subjecting these subsidiaries and associates to a risk that their financial debt will become due early as a result of financial covenants. In the context of the COVID-19 pandemic, the strong volatility of stock markets as well as potential tensions on credit markets are liable to exacerbate this risk.

Risk management

Although Net Asset Value (NAV) is monitored very regularly, as a long-term shareholder Wendel is less constrained by changes in the spot value of assets.

Moreover, processes are in place for rigorously selecting portfolio companies in order to invest in companies with resilient business models. The performance of each of the companies within the portfolio is regularly monitored in order to anticipate changes insofar as possible.

To prevent and manage the risk incurred by these companies' financial structure, cash flow and financial covenant forecasts are prepared regularly, based on various scenarios, in order to prepare, if necessary, targeted solutions to ensure their long-term survival and to create value. Moreover, Wendel and its subsidiaries are in close contact with bank lenders, in order to more effectively manage the restrictions on these financing agreements.

3.1.3 External risks

3.1.3.1 Risks related to the COVID-19 pandemic

Presentation of risk

The Covid-19 pandemic, which has gradually spread around the world, is having a significant impact on many global economies and on the ability of many companies to operate in countries where containment is becoming more widespread. Financial markets have seen their level of volatility increase as a result of the growing uncertainty stemming from both the pandemic situation itself and exit strategies, which are taking time to emerge. In this context, the companies in Wendel's portfolio could see their business strongly impacted, which would have a negative impact on their revenue and earnings and consequently on their balance sheet position, ability to meet their contractual financial commitments or their liquidity. The value of the Group's portfolio could be affected, as well as Wendel's liquidity or debt ratio, by any cash contributions by Wendel and by a decline in the value of the portfolio. In this uncertain environment, companies' ability to make reliable forecasts could also be impaired and have an impact on the Group's ability to assess the value of its assets, its unlisted assets in particular. In addition, minority shareholders in some companies that have a put option (see Note 34-5 to the consolidated financial statements at December 31, 2019) may be more inclined to exercise it.

In the current context, in which the Group's employees are confined and work remotely, the risk of delays or failures in the execution of operational processes, including cyber-risk, is also increased and could have an adverse effect on the Group's business or performance.

Risk management

To ensure the safety and health of its employees, Wendel is committed to strictly following the recommendations of the health authorities in the countries where it operates and promoting remote working whenever possible. The Corporate teams remain fully mobilized to exercise the necessary vigilance over operational processes using the IT tools deployed in 2019, which make remote working possible under satisfactory conditions. Wendel's investment team is working with portfolio companies to monitor their respective situations and, whenever possible, to support them through this unprecedented crisis. Wendel is also particularly attentive to analyses of the financial capacity of its companies, which it assesses according to various scenarios that model possible developments for 2020 and beyond. The specific measures taken by each of the portfolio companies are also described in section 1.4 "Subsidiaries and associated companies" for each of them.

3.1.3.2 Risks related to legislative and regulatory changes

Presentation of risk

Acquisition and divestment operations are often complex, because of the application of legal, fiscal and regulatory provisions under multiple legislation and because specific organizational structures must be implemented depending on the characteristics of each investment.

Moreover, unfavorable changes in tax legislation or its interpretation could make Wendel's investment transactions less attractive (see section 3.2.3).

Risk management

Legislative and regulatory change is constantly monitored through active monitoring by the corporate teams composed of experienced people in their respective fields.

During an acquisition or divestment, Wendel's investment team, in association with the legal, tax, and finance teams, work with experienced consultants in the local markets to ensure that the new structure complies with all applicable legal, regulatory, and tax requirements.

Wendel makes sure that it is in compliance with the laws and regulations in force.

3.1.4 Risks related to governance

3.1.4.1 Risks related to the presence of a majority shareholder

Presentation of risk

Wendel is controlled by a majority shareholder (holding 39.1% of its share capital as at December 31, 2019), with the ability to sell its shares, which could have an adverse effect on Wendel's stock price. In addition, this control situation implies that decisions of the majority shareholder could have adverse consequences for Wendel.

Risk management

Wendel ensures that its governance remains balanced with the presence of five independent members on the Supervisory Board. Since 2018, the Supervisory Board has a lead member, one of whose missions is to prevent, analyze and manage potential conflicts with the majority shareholder.

Wendel also respects and implements the principles and recommendations of the Afep-Medef Code.

3.1.5 Risks specific to portfolio companies

Bureau Veritas

The main specific risks identified by Bureau Veritas fall into 3 categories. They are listed below for each category in reverse order. Risks related to the Group's business plan, in particular the risk arising from legislation and changes thereto, the risk related to the non-renewal, withdrawal or loss of certain authorizations, the ethical risk, the risk related to the issuing of false certificates and the risk related to litigation and pre-litigation proceedings. Human risks with the risk related to Human resources. Risks related to acquisitions with the risk of depreciation of intangible assets from acquisitions.

The Bureau Veritas management team is in charge of managing these risks. Bureau Veritas describes these risk factors in more detail in its Universal Registration Document, available on its website (www.bureauveritas.fr) and on that of the AMF (www.amf-france.org).

Cromology

The main risks identified by Cromology are the liquidity risk arising from its financing structure, changes to the macroeconomic environment, increases in certain raw material costs and availability, titanium dioxide (TiO2) in particular, intense competition and pricing pressure, dependence on some clients and suppliers, risks related to human resources, risks related to the digitization of distribution activities and IT security, industrial and environmental risks.

The Cromology management team is in charge of managing these risks.

Stahl

The main risks identified by Stahl are: changes to the macroeconomic and financial environment (notably for the automobile industry); competitive pressure; a rise in raw material prices; the concentration of chemical suppliers; sectoral innovation and leather substitution by other materials; industrial risks; environmental risks (certain materials used or products manufactured could be discovered to be hazardous to human health or the environment); the risk of departure of key people; currency risk (see the section on currency risk management in the consolidated financial statements); liquidity risk arising from the financing structure for this investment (see the section on liquidity risk management in the consolidated financial statements), the risk related to IT security and the risk related to the execution and consolidation of acquisitions.

The Stahl management team is in charge of managing these risks.

Constantia Flexibles

The main risks identified for Constantia Flexibles are: regulatory change in public health, environment or security matters leading to significant investment or compliance costs, the volatility of commodity prices; environmental risks; hiring and retaining talented employees; finding the right balance between product prices and maintaining long-term relationships with key customers; possible interruptions to production processes; machine breakdowns and quality requirements; and risks related to data processing and IT security. The packaging industry is subject to a number of regulatory requirements that also exposes Constantia Flexibles to product liability-related risks. Changing expectations of end consumers and customers in terms of more environmentally-friendly packaging (recyclability in particular) exposes Constantia Flexibles to greater risks of substitution or increased capital expenditure. The company's R&D activities could pose risks related to meeting deadlines and market needs. Due to the nature of its business, the company is exposed to currency risk and country risk (political and macroeconomic). Acquisitions and disposals could also have a material impact on the company's cash flow and pose risks related to the integration of newly-acquired companies.

The Constantia Flexibles management team is in charge of managing these risks.

Tsebo

The main risks identified by Tsebo are: liquidity risk related to the financing structure of this subsidiary, political, macroeconomic, and labor-related risks; pressure on margins due to lower prices, wage and food-price inflation; maintaining its rating by South Africa's Black Economic Empowerment program; corruption risks; risks related to repatriating payments made in certain countries; currency devaluation; the risk of losing key personnel, especially given the size and dispersion of Tsebo's staff; and risks related to the Group's growth, integrating acquisitions (leveraging synergies), risks related to the way in which contracts are terminated with the partners and risks related to IT security.

The Tsebo management team is in charge of managing these risks.

Crisis Prevention Institute

The main risks identified by CPI are risks associated with the regulatory environment (accreditation) and the availability of funds for training in de-escalating crisis situations, the risk of a shortage of qualified staff to deliver CPI training programs, risk related to the quality of training delivered, the risk of staff being unavailable to attend training or certification sessions, risks related to CPI's rapid growth and the capacity to adapt its organizational model and operations, the competitive environment and risk of departure of key individuals, in particular given the modest size of the organization.

Risk management falls under the responsibility of CPI Management.

IHS

IHS is not a fully consolidated company of the Wendel Group. However, certain significant risks specific to this company are described as they are likely to have an impact on Wendel.

The main risks identified by IHS are geopolitical and macroeconomic risks (IHS operates in five African countries, notably in Nigeria, where there is financial, regulatory, fiscal and/or political instability which may impact its activities), risks relation to corruption, risks involving regulated activities (obtaining licenses, state intervention, etc.), exchange-rate risks, non-payment by certain customers, consolidation of telecom operators, risks related to the execution or consolidation of new acquisitions, the risks related to recruiting and retaining qualified employees, refinancing risks, the risks related to executing operations (sub-contracting, safety, maintaining an adequate level of service, price fluctuation for diesel fuel, etc.) and risks related to IT security.

At the end of 2018, the banks of IHS in Nigeria unblocked accounts that had previously been frozen as a result of the "post no debit" measures imposed by the EFCC. There were no developments in 2019. To the knowledge of IHS, it may be recalled that it was not notified of any formal allegation or investigation in the context of EFCC requests.

IHS operates Internationally and is exposed to foreign exchange risk arising from currency exposures other than the US Dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

IHS is exposed to risks resulting from fluctuations in foreign currency exchange rates. A material change in the value of any such foreign currency could result in a material adverse effect on the IHS' cash flow and future profits and IHS's ability to meet its banking covenants. IHS is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the functional currency in which they are measured.

In managing foreign exchange risk, IHS aims to reduce the impact of short-term fluctuations on earnings. The company has no export sales, but it has customers that are either contracted using fees denominated in US Dollars or other foreign currencies, but with foreign exchange indexation. IHS' significant exposure to currency risk relates to its loan facilities that are mainly in foreign currencies. IHS manages foreign exchange risk through the use of derivative financial instruments such as currency swaps and forward contracts. IHS monitors the movement in the currency rates on an ongoing basis.

Currency exposure arising from assets and liabilities denominated in foreign currencies is managed primarily by setting limits on the percentage of net assets that may be invested in such deposits.

The table below shows the impact on IHS' loss if the exchange rate between the following currencies to US Dollars had increased or decreased, with all other variables held constant. The rate of change was determined by an assessment of a reasonable or probable change in the exchange rate being applied as at December 31.

In thousands of US dollars	Effect on Euro	Effect on Rwandan Franc	Effect on Nigerian Naira	Effect on Zambian Kwacha
2019				
Change rate	5%	5%	5%	5%
Effect of US Dollar weakening on loss	11,720	6,308	104,515	9,807
Effect of US Dollar strengthening on loss	-11,720	-6,308	-104,515	-9,807
2018				
Change rate	5%	5%	5%	5%
Effect of US Dollar weakening on loss	14,369	3,643	114,280	10,185
Effect of US Dollar strengthening on loss	-14,369	-3,643	-114,280	-10,185

The impact is based on external and intercompany loans.

This analysis excludes the natural hedging arising from contracts with customers in the Nigeria, Zambia and Rwanda operations, which are either wholly or partly US Dollar based. It is, however, impracticable to incorporate the impact of this US Dollar component in the above analysis due to the complexity of the contracts and the timing of any devaluation event.

The IHS management team is in charge of managing these risks.

3.2 Judicial proceedings and arbitration

3.2.1 Judicial proceedings and arbitration

The principal disputes and litigation involving the Company and its controlled subsidiaries are detailed in note 15-1 to the consolidated financial statements.

To the best of the Company's knowledge, there are no other legal or arbitration proceedings (including any pending or threatened proceedings of which Wendel is aware) involving the Company or any of its fully-integrated subsidiaries that may have or that have had, over the last 12 months, a material adverse effect on the financial position or profitability of the Company and/or the Group.

Bureau Veritas' main disputes are presented in paragraph 4.4 « Administrative, judicial and arbitration procedures and investigations » of its 2019 Universal Registration Document (available on the Bureau Veritas website (www.bureauveritas.fr) and on that of the AMF (www.amf-france.org)).

3.2.2 Insurance

Wendel

As part of its risk hedging policy, Wendel has subscribed insurance policies with leading companies. At December 31, 2019, the following principal risks are covered:

- damage to property (buildings and/or tenant's liability risk) and contents;
- general liability: this policy covers bodily injury, property damage and other losses to third parties;
- professional liability: this policy covers litigation risks in the event of professional error or an act deemed as such, committed by the Company or one of its agents or employees with third parties;
- liability of executives and corporate officers: this policy covers the Company's corporate officers, its representatives on the governing bodies of subsidiary and affiliated companies, and persons considered executives de facto or de jure, who might be held responsible for a professional error in connection with their management, supervisory or administrative duties;
- automobile fleet: this policy provides for property damage;
- non-owned auto: this policy insures the use of a personal vehicle for occasional travel that is required for Wendel business;
- company employees who travel are also covered by various assistance contracts and insurance policies, which are the subject of a risk awareness and prevention program;
- I.T risks.

Bureau Veritas

In 2019 the Bureau Veritas Group continued to centralize and optimize its insurance policies as follows:

The centralized insurance policies are:

- a professional and general liability program covering all of the Group's businesses, except for Aeronautics and the Construction division's French operations. This program supplements local insurance programs;
- general liability insurance for corporate officers;
- professional liability insurance for the aeronautics business;
- an international insurance program for property damage and business interruption covering all of the Group's offices and sites around the world;
- a policy covering cybersecurity risks;
- an international medical assistance program covering all employees on business trips.

Other risks are insured locally, such as for automobile accidents, workplace accidents, and risks related to the Construction division in France, for example.

Cromology

Cromology has subscribed insurance policies with leading companies for all Group entities to cover the following main risks:

- property damage to cover accidental damage to the company's property and the resulting financial consequences (business interruption);
- general liability to protect Cromology against the pecuniary consequences of its civil liability due to damage caused to third parties;
- ten-year civil liability to cover, on the one hand, the ten-year guarantee of Cromology as a manufacturer and, on the other hand, that of approved contractors to repair material damage suffered after their delivery by work carried out with products manufactured by Cromology or implemented by approved contractors;
- environmental liability;
- general liability for executives and corporate officers;
- fraud intended to cover financial losses resulting from fraud or hostile acts committed by an employee or a third party;
- business travel.

Other risks are covered locally, such as automotive risks.

Stahl

Stahl has taken out the following centralized insurance policies:

- direct property damage and business interruption;
- product liability insurance, including a guarantee for third parties in the event of a product recall;
- general liability insurance for corporate officers.

Constantia Flexibles

Constantia Flexibles has subscribed insurance policies with leading companies. In 2019, Constantia Flexibles continued to centralize and optimize its insurance policies.

Constantia Flexibles has taken out the following insurance policies:

- property damage and business interruption insurance;
- general product liability insurance;
- transportation and maritime transportation liability insurance;
- general liability insurance for corporate officers;
- business travel and accident insurance for employees;
- insurance against cyberattacks;
- fraud insurance.

Tsebo

Tsebo has subscribed the following insurance policies with leading companies:

- general liability insurance;
- penal liability insurance;
- general liability insurance for corporate officers;
- employee accident insurance;
- travel insurance that covers medical and repatriation expenses;
- car fleet insurance;
- commercial fraud insurance;
- comprehensive worksite insurance;
- insurance that covers damage in the event of riots and civil commotion.

Crisis Prevention Institute (CPI)

CPI has subscribed the following insurance policies with leading companies:

- penal liability insurance;
- property damage and business interruption insurance;
- general liability insurance for corporate officers;
- employer liability insurance;
- fraud insurance;
- car fleet insurance;
- insurance against cyberattacks.

3.2.3 Regulatory environment

Wendel

As an investment company, Wendel SE is not subject to any specific regulations.

The Wendel Group holds its unlisted investments through Luxembourg companies, initially constituted in the form of Venture Capital Investment Companies (SICARs), transformed at the end of 2019 into Reserved Alternative Investment Funds (RAIF). RAIF are governed by the Luxembourg law of July 23, 2016, itself transposed from the European Directive on Alternative Investment Fund Managers (AIFMD) into national law. They are managed by a Luxembourg management company, Winvest Conseil SA, which was approved as an alternative investment funds manager by the CSSF on June 4, 2015. Winvest Conseil SA manages the portfolio, and is responsible for risk management and the central administration of the RAIF. It also undertakes compliance and internal audit activities for the companies included within its remit. It has implemented detailed procedures and is subject to strict obligations, whose performance is closely monitored by the CSSF.

Wendel North America, which studies investment opportunities in North America, registered with the Securities and Exchange Commission (SEC) as an Investment Advisor in May 2017.

Each of the Group's companies carries out its business in compliance with its own regulatory environment, which differs according to its businesses and geographical areas, and in which changes could be unfavorable.

The tax rules applicable to Wendel could change adversely.

To date, the Company is not aware of any measure or factor of an administrative, economic, budgetary, monetary or political nature that has materially influenced or may materially influence, directly or indirectly, its activities, subject to the regulatory or other impacts that could result from the international crisis related to Covid-19.

Bureau Veritas

Bureau Veritas operates in a highly regulated environment. To exercise a significant portion of its activities, Bureau Veritas must first obtain authorization from local, regional or international public authorities or professional organizations. Each division in the Bureau Veritas Group has a specific structure devoted to centralized monitoring and management of these authorizations, which are subject to regular audits conducted by the relevant authorities.

For more details on the regulations applicable to Bureau Veritas, please refer to the Bureau Veritas Universal Registration Document (available on the Bureau Veritas website (www.bureauveritas.fr) and on that of the AMF (www.amf-france.org)).

Cromology

Cromology's business is subject to technical regulations applicable to paints, including regulations on volatile organic compounds in paints, regulations relating to certain important raw materials in the formulation of paints and regulations applicable to paint waste. In recent years, it is the « CLP » regulation on the classification, labeling and packaging of substances and mixtures that has evolved the most, changing the classification of substances used by Cromology with the consequence of reformulations and the development of new packaging and labeling.

Cromology complies strictly with the European regulations for the chemical industry (REACH) and is regularly audited by external bodies as part of obtaining ISO 9001, 14001 and OHSAS 18001 certification.

Cromology adheres to a voluntary research and development approach focused on respect for the environment and human health. For example, Cromology seeks to reduce the rate of volatile organic compounds in its innovations as much as possible, beyond the regulatory requirements of the countries where it operates. In France, for example, Tollens and Zolpan launched products under the German TÜV label, which imposes a VOC content of less than 1 g/l for interior matte paint. This is 1/30 of the content limit under European regulation, and 1/10 of the content limit for the European Ecolabel (see "Non-financial information" section 4.3.3).

Stahl

Stahl operates in 24 countries. Its manufacturing sites are located in 11 countries: Singapore, China, France, India, Netherlands, Brazil, Spain, Mexico, Italy, Germany, and the United States. Stahl has obtained or has applied for the authorizations necessary to operate in these countries. These authorizations relate to safety, health and to the environment. In other countries, Stahl exercises commercial or storage activities. As the authorization system may change, Stahl monitors this issue and takes appropriate decisions when necessary.

Constantia Flexibles

Constantia Flexibles has production plants in 15 countries on four continents. Constantia Flexibles has obtained all the required permits and is not aware of any regulatory changes that could affect those permits.

The company serves customers in the food, pharmaceuticals, and healthcare industries. Both it and its customers are subject to numerous health, safety, and environmental regulations, which change frequently. Plants must comply with local operating licenses, and sometimes face changes in occupancy zones affecting permitted emissions, or the need to relocate production equipment. There is a risk that new regulations could require the company to make further capital expenditures, increase its production costs, or prohibit it from using certain materials.

The activities of Constantia Flexibles do not rely only on intellectual property. Although Constantia Flexibles owns patents and licenses, these are not material with respect to its business activity.

Tsebo

Tsebo’s operations are not subject to any specific regulations. Nevertheless, the Group must comply with the laws and standards of the economic activities in the countries where it operates, for example, labor laws, anti-corruption regulations, Black Economic Empowerment legislation in South Africa, firearms and private security standards, hazardous substance regulations and health and safety regulations.

Crisis Prevention Institute (CPI)

CPI operates primarily in two sectors, healthcare and education. CPI has set up an active legislative and regulatory watch in these two sectors. For education, the watch focuses on provisions related to restraint and isolation, and for healthcare, on provisions related to violence at work.

In the education sector, the 50 states of the United States of America have a legal framework for coercion and isolation. In the healthcare sector, a legal framework governing workplace violence is in place in 37 states of the United States of America. For CPI and its « Nonviolent Crisis Intervention® Program », these measures have either a neutral or a positive impact.

CPI has CEU (Continuing Education Units) accreditation at state and federal level. It also has IACET (International Association for Continuing Education & Training) accreditation, and several state-specific authorizations.

3.3 Risk management and internal control systems

3.3.1 Introduction

The following sections present the main risk management and internal control procedures in place at Wendel (which includes Wendel SE, its holding company and foreign offices) and companies in its portfolio. The Executive Board is responsible for gathering the necessary information from the relevant entities and managers and presenting the systems in place. Wendel's internal control policy forms part of the Company's broader Corporate governance rules, under which the Audit, Risk and Compliance Committee is assigned with making sure that risk management and internal control systems are properly implemented and effective. The rules are intended to help the Supervisory Board ensure that the Company's internal controls are effective, and that the information provided to shareholders and financial markets is reliable.

Definitions and objectives of risk management and internal control

Wendel applies the AMF guidelines issued in July 2010, entitled "Reference framework for internal control and risk management systems," as well as the recommendations for implementing those guidelines, to develop its approach and procedures for internal control and risk management. Wendel also takes into account best practices taken from other commonly used referentials such as the COSO framework (Committee Of Sponsoring Organizations of the Treadway Commission). These guidelines include the objectives and other elements of the reference framework.

Objectives of internal control

Wendel's internal control system consists of resources, behaviors, procedures, and initiatives tailored to the specifics of Wendel's business.

By regularly reviewing how the system is implemented across its operations, Wendel aims to put in place adequate processes to manage the risks to which the Group is exposed.

The internal control system aims to secure that the Group generates reliable and complete financial information, and that it has the right processes for managing its operations in accordance with applicable laws and regulations and with the management principles and strategy set by the Executive Board.

The internal control system therefore aims to help Wendel and its Portfolio companies mitigate its risks, prevent fraud and corruption, and more generally reach its objectives, and protect the value that it creates for shareholders and employees.

However, no such system can provide an absolute guarantee that all risks to which Wendel and its Portfolio companies are exposed are managed in their entirety, nor that the Wendel Group will reach its objectives.

Principles of internal control

Wendel's internal control system is based on the following fundamental principles, consistent with the Company's objectives:

- an organization with competent, responsible men and women that draws on established procedures, tools, and practices, supported by dedicated IT systems;
- periodic assessments of the Company's main risks in order to identify, analyze, and manage those risks with respect to its objectives;
- appropriate internal control measures proportionate to the risks of each business process and designed to ensure that the right steps are taken to manage risks that could prevent the Company from reaching its objectives;
- the dissemination within the Company of relevant, reliable information that lets each employee carry out his or her duties;
- annual review of internal control practices ;
- continuous follow-up of action plans identified.

Risk management

Risks represent the possibility that an event may occur whose consequences would adversely affect Wendel's employees, assets, environment, objectives, financial condition, or reputation.

Risk management is comprehensive and covers all of Wendel's activities, processes and assets. It includes a set of resources, behaviors, procedures, and initiatives tailored to Wendel's characteristics. They enable the Executive Board to maintain risks at a level that is acceptable.

The Company's risk management system is designed to identify and analyze the main risks to which Wendel is exposed. The system helps:

- preserve Wendel's assets, reputation, and the value it has created;
- make Wendel's decision-making and other processes more secure so as to help Wendel achieve its objectives;foster consistency between Wendel's activities and its values;
- encourage Wendel's employees to adopt a shared view of the principal risks and raise their awareness about the risks inherent to their business activities.

Relationship between risk management and internal control

Wendel's risk management and internal control systems are complementary.

The risk management system is designed to identify and analyze its main risks

The risk management system includes controls within the internal control system that are designed to ensure risk management functions properly. Risks whose possible occurrence or magnitude exceeds limits that the Company deems acceptable are dealt with using the risk management system described here, and action plans are implemented if necessary. These action plans could involve setting up controls, transferring the potential financial consequences (such as through an insurance policy), and/or modifying the associated business processes.

Any controls that are set up form part of the Company's internal control system

This aims to ensure that the system can help the Company deal with the risks to which it is exposed. Similarly, the internal control system relies on the risk management system to identify the principal risks that must be controlled. The internal control system consequently helps protect the value that Wendel creates for its shareholders and employees.

These and any such internal control and risk management systems, no matter how well they are designed and implemented, cannot provide an absolute guarantee that risks will be totally eliminated and that Wendel's objectives will be achieved.

Internal control scope and limitations

Wendel's risk management and internal control system, as described in this report, covers all operations carried out by Wendel SE as an investment company as well as all of its directly controlled holding, investment and advisory companies. Wendel and its Portfolio companies is a Group of companies that: (i) is decentralized, including in the choice of organizational structure and in its risk management and internal control systems; (ii) includes listed and unlisted companies; and (iii) includes companies in different businesses and of varying sizes. As a result, the scope and characteristics of risk management and internal control can vary from one subsidiary to another. Each operating company and its executives are responsible for designing and implementing their own risk management and internal control systems, in line with the Group's philosophy and organization. Regardless of the quality of its design and operating effectiveness, such internal control systems can only provide a reasonable assurance that processes are operated as intended and risks adequately mitigated. Moreover, despite the many interactions and exchanges between Wendel SE and its Portfolio companies, there is no certainty that unexpected events may occur in its portfolio companies and impact Wendel Group ability to reach its objectives.

3.3.2 An appropriate organization with clearly-defined responsibilities and powers

Wendel's internal control system draws on the Company's operational organization and on functional divisions that are directly or indirectly dedicated to managing the risks to which the Company is exposed.

The governance structure encourages transparency and traceability in decision-making. It requires strong involvement of the manager of each functional area, who must take ownership of the Company's policies and procedures, help implement them and ensure they are followed, and supplement them when needed.

Persons involved in internal control at Wendel SE

The Supervisory Board and its committees

The Supervisory Board exercises permanent oversight of the Executive Board's management of Wendel SE. Throughout the year, it performs the checks and controls that it deems appropriate and may request any document that it considers necessary to fulfill its duties.

The Supervisory Board regularly reviews the main risks to which the Group is exposed. It does so within the framework of its meetings, and in particular:

- when it examines the quarterly management reports prepared by the Executive Board on the economic and financial condition of each subsidiary or investment (business trends, margins and financial debt), as well as all events that could have a significant impact on the Group;
- as part of investment projects: the Executive Board explains to the Supervisory Board how the projects will be implemented, the risks and opportunities connected with each investment, based on various assumptions, as well as current and projected resources to protect against identified risks. The Supervisory Board's prior approval is required for all projects of more than €100 million or any decision requiring a long-term commitment on the part of Wendel or its subsidiaries.

In addition, the Executive Board regularly updates the Supervisory Board on changes in Wendel's net asset value (NAV), indebtedness and liquidity.

In accordance with Article L. 823-19 of the French Commercial Code, the Supervisory Board's Audit, Risk and Compliance Committee is responsible for ascertaining the quality and reliability of financial statements and other published financial information, tracking the effectiveness of risk management and internal control procedures, interviewing the Statutory Auditors, in particular with no Wendel SE representatives present, and ensuring they remain independent. The Audit, Risk and Compliance Committee's tasks are described in detail in section 2.1.2.1 of this document.

The Governance and Sustainable Development Committee proposes to the Supervisory Board changes to its composition, the terms under which Executive Board members are to be compensated and those for allocating stock options or performance shares. It sees to it that compensation arrangements align the interests of the members of the Executive Board with those of Wendel. In addition, the Governance and Sustainable Development Committee proposes the co-investment policy intended for senior managers to the Supervisory Board. The Governance and Sustainable Development Committee's tasks are described in section 2.1.2.2 of this Document.

To accomplish its tasks, the Supervisory Board and its committees may call upon external experts, when they deem it necessary.

The Supervisory Board and its committees discuss their operating methods every year, as described in section 2.1.1.5 of this Document.

The by-laws and legal provisions governing the transactions for which the Supervisory Board's prior consent is necessary, as well as the thresholds set by the Supervisory Board regarding divestments, the sale of real estate, and the granting of endorsements and guarantees requiring the Supervisory Board's approval are described in section 2.1.6 of this document. These rules are part of the internal control process. The division of roles between the Supervisory and Executive Board is specified in the same section.

The rules by which the Supervisory Board and its committees operate (deriving from legislation, the by-laws, and the Afep-Medef Code) are set forth in the Supervisory Board's internal regulations and detailed in section 2.1.1. The internal regulations are reviewed regularly to take into account any new laws and the latest best practices for Corporate governance. The latest changes are dated March 18, 2020, and concerned the description of the missions of the Audit, Risk and Compliance Committee and the Governance and Sustainable Development Committee, in connection with changes to the Supervisory Board's role in ESG.

Executive Board and its committees

The Executive Board has two members. In 2019 it met 28 times (generally once every two weeks and as often as required by Wendel's interests). Its decisions are made collegially. Executive Vice-Presidents are invited to join the meetings of the Executive Board.

The Executive Board has organized Wendel's SE procedures by setting up four committees:

- an Investment Committee, which includes the Executive Board, the Managing Directors of the Investment Team, and the Chief Financial Officer. It meets once every two weeks (28 meetings in 2019) to monitor the subsidiaries efficiently and identify and issue recommendations on potential investments or divestments Wendel undertakes;
- a Management Committee, which includes the Executive Board and the main operational managers, and which is in charge of running the day-to-day business of Wendel and its holding companies, as well as financial, legal, General Secretariat, and tax matters, human resources, and communications. It meets at least once a month (14 meetings in 2019);
- a Coordination Committee, which comprises all senior executives of Wendel and its advisory companies, including members of the above two committees. It takes stock of Wendel's position and the initiatives to be undertaken, and it reports on any difficulties or risks encountered. This committee meets at least once a month (15 meetings in 2019);
- an Ethics Committee, which was created in 2017 and comprises the Company's Executive Board members, Chief Financial Officer, and Ethics Officer. It is responsible for identifying information as insider information and deciding how it should be handled. This committee was set up as part of efforts to comply with the EU's market abuse regulation. Its composition and duties are set forth in an internal procedure for identifying insider information. This committee meets on an as-needed basis.

The Executive Board's monitoring of various risks to the Group is described below in the section titled "Periodic assessments of main risks."

Holding companies, investment companies and directly-controlled advisory companies

The governing bodies of the Group's holding companies, investment vehicles and advisory companies are directly or indirectly controlled by Wendel SE, making it possible to apply the risk management and internal control principles described in this report to them.

Operating subsidiaries (portfolio companies)

Each operating subsidiary enjoys full management autonomy but reports periodically to Wendel SE periodically on operational and financial matters. Wendel also takes part in the Corporate governance bodies of its subsidiaries and thus ensures that internal control and risk management procedures are properly applied in each of them.

Internal audit

Wendel SE created a Group Internal Audit department in 2016. This department is responsible for evaluating the internal control and risk management systems of Wendel SE, its holding, investment, and foreign offices, and its operating subsidiaries (portfolio companies), as well as for regularly checking those systems and making recommendations for improving them. It is also responsible for promoting continuous improvement efforts for internal control and risk management systems.

The Group Internal Audit department helps train and inform internal control managers but is not directly involved in the implementation and day-to-day functioning of internal control and risk management systems. Reporting to the Executive Board and the Audit, Risk and Compliance Committee, the department provides support to senior management that is independent of the operations and functions that it reviews. In October 2018, Wendel SE strengthen its audit function, by hiring a new Internal Audit Director and later in January 2019 an experienced auditor. The team is now in charge of Internal Audit and Internal Control activities.

Internal control environment

Reporting information within the framework of decision and control processes

The Supervisory Board and Audit, Risk and Compliance Committee are regularly provided with necessary information on business matters, strategic planning, and the risks to which Wendel and its Portfolio companies are exposed, within the framework of the regular meetings described in the section titled "Persons involved in internal control at Wendel" relating to the Supervisory Board and its committees.

Because Wendel's four Management Committees meet often, the Executive Board can organize appropriate dissemination of information within the Company. Consequently, the Executive Board and each department head can make decisions based on all the relevant information in Wendel's possession on its organization, strategic planning, financial position, and the business activities of its subsidiaries.

Dissemination of information on Wendel's organization and its employees' responsibilities

Wendel aims to clearly identified responsibilities for organizing, preparing and reporting information. Several procedures help ensure this:

- the Executive Board convenes meetings of all Wendel employees whenever necessary, in addition to the committee meetings mentioned above and internal team meetings. Similarly, Group reflection and motivation seminars involving some or all employees are held to take stock of Wendel's position and its environment, and to encourage each person to express his or her expectations about Wendel's operations;
- the dissemination of procedures and rules to all personnel – such as expense commitment procedures, the Market Confidentiality and Ethics Code (see below), the Ethics Code (see below), policies to fight money-laundering and corruption (see below), and the IT System charter – helps each employee to comply with the internal control procedures established by the Executive Board. The Group has drafted a finance and business administration procedure for its advisory companies to communicate the Wendel internal controls requirements;
- an intranet is operational at Wendel: it serves to share useful information with all Wendel's employees about Group events and organization. Among other things, the intranet includes a functional and hierarchical organization chart as well as the calendar of blackout periods.

Protection of confidential information

Wendel endeavor to preserve the utmost confidentiality when sharing sensitive information:

- the Market Confidentiality and Ethics Code was presented to all employees and is part of the internal regulations. It applies to all employees in France and abroad, and to members of the Executive and Supervisory Boards;
- IT access and security are managed centrally by the IT function. Each workstation can be accessed only by the employee to whom it is assigned. Session access is controlled by a login and password combination. The access rights of each employee are limited to his or her responsibilities or department;
- in order to comply with the EU's 2018 General Data Protection Regulation (regulation 2016/679), a Data Protection Officer (DPO) was appointed. All employees of Wendel SE, its holding companies and its foreign offices also attended a dedicated e-learning training on data privacy. In 2019, Wendel further updated and refined its GDPR related processes in order to keep abreast of and apply any changes to regulations;

- a video-surveillance system has been implemented and security guards are assigned to the building at all times, securing all building access.

Compliance with laws and regulations and with ethical rules

Compliance with laws and regulations

The Legal, Human Resources, Sustainable Development, and Tax departments, along with the General Secretariat, adress compliance with the laws and regulations in the countries where Wendel and its holding, investment, and advisory companies are located. They monitor the legal and tax environment, so as to stay on top of changes in laws and regulations that might be applicable to them.

Market Confidentiality and Ethics

The Market Confidentiality and Ethics Code is part of Wendel SE internal regulations and applies to employees of Wendel and its international offices, and to members of the Executive and Supervisory Boards.

This Code explains the rules of confidentiality for persons who are in possession of confidential or privileged information. It explains the obligation to abstain from stock-market transactions when in possession of privileged information and during blackout periods. Blackout periods are defined as extending from 30 days before until one day after the publication of annual and semi-annual earnings, as well as from 15 days before until one day after the publication of quarterly financial data and the NAV.

The Code defines illegal insider trading, misinformation and share price manipulation, and explains the applicable legal sanctions. It also sets up a number of measures for preventing such infractions. The Code also includes the provisions applicable to stock options and bonus shares and details the AMF disclosure obligations incumbent on executives and persons affiliated with them.

In addition to legal and regulatory obligations in this area, the Code includes certain more restrictive provisions in the interest of transparency and prudence. Specifically, it requires Executive and Supervisory Board members, employees and their relatives to register their Wendel shares and restricts transactions on derivatives or speculative transactions. The Code also defines conflict-of-interest situations. The Group Ethics Officer monitors adherence to the Code. The Code forbids employees and executives from holding, buying or selling shares of listed Group subsidiaries or associates at any time, except for shares that the Board members of those companies must own, or dividends-in-kind paid to them in the form of shares of Wendel's subsidiaries or associates.

Pursuant to EU Regulation 596/2014 of April 16, 2014 on market abuse, and as part of its effort to prevent illegal insider activity, Wendel draws up a list of insiders every time sensitive information emerges that will not be published immediately. These lists are made available to the AMF, which can request to see them. They are kept for at least five years after they are created or after their last update. The Compliance Officer is in charge of creating and updating the lists. Specific compliance rules applicable to the members of the Executive and Supervisory Boards are detailed in section 2.1.7.

Code of Ethics

The Executive Board of Wendel SE adopted a Code of Ethics in March 2015. This Code embodies the values of the Company and its employees and supplies the frame of reference for Wendel's SE role as a long-term investor. It applies to all employees and executives of the Company in all its offices, as well as to its holding companies. Wendel encourages the companies in which it invests to adopt similar standards.

The main issues covered by the Code are: anti-money laundering measures, compliance with economic sanctions, bribery prevention, fair competition, workplace equality, occupational health and safety, personal data protection, the preservation of operating resources, and being a responsible corporate citizen.

Wendel SE General Secretary is responsible for overseeing compliance with the Code. In 2020, Wendel is planning to update and improve its Code of Ethics.

Anti-money-laundering and anti-corruption policies

Wendel has adopted a Group-wide anti-money-laundering policy, communicated to all employees, that specifies its procedures for preventing money laundering and managing the associated risks. All employees of Winvest Conseil S.A. and its subsidiaries additionally followed an e-learning module in late 2018 to take into account changes in regulation in Luxembourg (circular 18/698). They followed again in 2019 a similar training which is now an annual exercise.

Wendel SE has introduced several initiatives to comply with the new requirements under France's *Sapin 2* law on transparency, combating bribery, and modernizing the economy, which went into effect on June 1, 2017. In 2018, the Group deployed processes around the 8 pillars of *Sapin 2* and conducted a first assessment of the implementations of these requirements in its Portfolio companies. With the help of an external consultant, it evaluated the processes in place in its controlled Portfolio companies using the AFA's (Agence Française Anticorruption) published Guidelines and questionnaire. All Wendel SE employees followed a specific training on the prevention of bribery. New joiners also followed this specific training as part of their integration process. In April 2019, an updated Group-wide anti-bribery and new whistleblower policies were deployed. Throughout 2019, Wendel updated and upgraded its processes and followed their implementation. In order to improve its efficiency, Wendel started porting those processes on an online platform opened to all its employees. Additional modules will be deployed in 2020.

Human resources policy

Wendel's human resources policy is designed to make sure the Company has employees with the skills and knowledge necessary to carry out their duties and help the Group reach its current and future objectives. Wendel's employees are aware of their responsibilities and limits and are informed of and comply with the Company's rules. The main factors supporting this are discussed in the "Internal control environment" section, under "Dissemination of information on Wendel's organization and its employees' responsibilities."

Wendel conducts formal, annual performance reviews, through which it regularly examines the contribution of each employee, the scope of their position and the resources given to them for meeting their objectives. This information is centralized by the Human Resources department and can, where necessary, lead to recommendations for training, in order to allow all employees to improve their respective skillsets. In 2019, Wendel conducted for the second time the performance reviews using a 360°feedback exercise to measure the contribution of each person and identify improvement opportunities more globally. An individual training program will be ramped up in 2020 to close identified gaps.

Information systems

The Company's IT systems are tailored to its current objectives and have been designed to support its future objectives. The systems' hardware and software employ security mechanisms for protecting the data they store (access protection, backup procedures). Wendel has decided to use cloud-based systems to maximize data security and finalized in 2019 the implementation of a global solution (Microsoft Office 365). As part of efforts to enhance data security and automate internal controls, Wendel also started in 2019 an ambitious program for the deployment of a integrated Finance and HR ERP. Additionally, it conducted, with the help of an external provider, an extensive review of its IT security to evaluate its strengths and readiness against cyber-security attacks.

3.3.3 Periodic assessments of main risks

Wendel

Note 15-1 to the consolidated financial statements as at December 31, 2019 and section 3.1 detail the main risks Wendel encounters, owing to its businesses and the way it is organized, and how those risks are covered.

Wendel SE and its governing bodies are organized in such a way as to allow for active risk management and internal control. The Executive Board assigns and distributes risk monitoring responsibilities to various departments of Wendel SE in the following ways:

- the Investment Team is in charge of monitoring subsidiary performance on a monthly basis, the operational risks specific to each equity investment and the acquisition and divestment process. It is also responsible for valuation risk on Wendel's assets with the support of the Finance department;
- the Executive Board and the Investment Team also review that the management team of each subsidiary and associated company is organized in such a way as to manage its risks properly and achieve its objectives;
- the Finance department monitors Wendel's SE financial risks (financial leverage, liquidity, interest rates, foreign exchange), cash management, and the quality of Wendel's SE financial counterparties, accounting regulations, the production of financial statements, the calculation of NAV, earnings forecasts, the estimates needed to prepare the financial statements and calculate NAV (together with other Wendel departments if necessary), and transaction security. Key indicators (changes in NAV, financial leverage, current and projected cash levels, and exposure to interest rates and exchange rates) are reviewed regularly so that the Executive Board can take measures insofar as possible to adjust Wendel's exposure to these risks if deemed necessary;
- the Group Internal Audit department is responsible for evaluating the internal control and risk management procedures of Wendel SE, its holdings and foreign offices, and its operating subsidiaries (portfolio companies);
- the Legal department is responsible for Wendel's legal security and reviewing that Wendel's SE transactions (financing, acquisitions, divestments, etc.) comply with all applicable laws and regulations and that the corresponding contracts are legally valid. More generally, the department is responsible for the proper execution of all transactions that Wendel undertakes as a long-term investor;

- the General Secretariat is responsible for ensuring that Wendel SE and its holding companies adhere to company law and laws governing market trading and Corporate governance, and to regulations on compliance, ethics, disputes and litigation, data protection; it is also in charge of general liability insurance for corporate officers, professional liability insurance, and intellectual property;
- the Tax department monitors tax regulations, ensures that Wendel's SE obligations *vis-à-vis* the tax authority are handled properly and guards against tax risks;
- the Communications and Sustainable Development department seeks to preserve Wendel's image and reputation and to stay abreast of environmental and social responsibility (ESR) obligations;
- the Financial Communication department makes sure that the financial information communicated to investors and analysts is of high quality;
- the IT department is in charge of the prevention of IT risks (intrusion, data security and storage, business continuity, etc.) at Wendel SE level;
- the Human Resources department is in charge of managing human resources risks;
- the international offices in London, Casablanca, Luxembourg, New York, Singapore, provide the Group with business and investment advice for their respective regions.

To the extent necessary, each department may be assisted by outside experts (lawyers, bankers, brokers, Auditors, consultants, etc.) with approval of the Executive Board.

The Executive Board oversees the monitoring of risk and, together with each department, decides on the procedures that will be used to cover them. This takes place in Management Committee and Executive Board Meetings as described in the section on organization.

As indicated in the section on organization, the Executive Board discusses the main risks that could significantly impact the value of Wendel's assets with the Supervisory Board, whenever required and as part of the quarterly business report.

In addition, in accordance with Article L. 823-19 of the French Commercial Code, incorporated into the Supervisory Board's internal regulations, the Audit, Risk and Compliance Committee is responsible for monitoring the effectiveness of the Company's internal control and risk management systems. A map of the risks to which Wendel is exposed is prepared by Wendel's various departments, validated by the Executive Board and presented to the Audit, Risk and Compliance Committee. This map relates primarily to the risks borne by Wendel and its holding companies. It is reviewed regularly and was updated last in May 2019.

For certain principal risks identified in the mapping – *i.e.* those whose occurrence and/or intensity are considered the highest – a detailed analysis is formalized by the departments involved. This analysis is presented to the Audit, Risk and Compliance Committee. In addition, the Audit, Risk and Compliance Committee examines risk management at certain subsidiaries and associated companies. The Chairwoman of the Audit, Risk and Compliance Committee presents a summary of its findings to the Supervisory Board.

Portfolio companies

Portfolio companies manage their own risks, particularly operational risks, and take the necessary steps to understand and monitor them. It is for them to decide whether it is necessary to map these risks and to determine the action plans to be implemented each year.

Nevertheless, Wendel's SE presence in the governing bodies of its portfolio companies allows it to verify that major risks are actively monitored.

Wendel SE also draws on its Internal Audit department as well as those of its portfolio companies (when they have them), and on portfolio companies' risk reports to assess their main risks and internal control procedures.

Wendel also takes into account the conclusions of the Statutory Auditors of its portfolio companies. To improve communication, they are often part of the same networks as Wendel's SE Statutory Auditors.

3.3.4 Appropriate internal control processes

Wendel SE has set up processes to ensure that relevant, reliable information is communicated in a timely manner to all necessary employees so that they can perform their duties.

Operational and functional control activities

Investments and divestments

The Investment Committee meets regularly to examine progress made on planned acquisitions and divestments and to explore new opportunities. The committee includes the Executive Board, the Managing Directors of the Investment Team and of international offices, and the Chief Financial Officer. The Executive Board selects a team comprising people with the requisite expertise to review each opportunity. A senior member of the team acts as coordinator and is responsible for the investment/divestment recommendation. Once the analysis has been finalized, the companies involved have made an investment decision on the proposed transaction and the Executive Board has approved it, the transaction is presented to the Supervisory Board for authorization if the by-laws so require. The presentation includes an analysis of the impact of the transaction on Wendel's SE net income from operations, financial position and net asset value under various favorable and unfavorable assumptions, as well as an assessment of the identified risks. The team in charge of the transaction is then responsible for executing it, with the help of the Finance, Legal, and Tax departments, and that of top-level banks, strategy consultants, legal firms, and Auditors, to the extent necessary. Liability guarantees granted or received are presented to the Audit, Risk and Compliance Committee and to the Supervisory Board. The boards of Luxembourg-based companies (on which sit independent directors) with unlisted shareholdings also approve investment and divestment operations.

Monitoring investments

Monitoring the existing portfolio involves:

- a monthly operational report from each portfolio company presenting trends in sales, profitability and financial debt, as well as non-financial indicators. Managed centrally by the Finance department, these reports have been migrated in 2019 to a dedicated software application to improve traceability and increase automation. These indicators are compared with previous periods and with budgeted figures. For some subsidiaries, short-term cash management and projection tools have also been implemented;
- quarterly business reviews for each portfolio company in which some corporate functions join the investment teams and the Executive Board to review business performance and other transversal topics (including ESG);
- regular work sessions with the managers of each portfolio company. The agenda for these meetings includes, in addition to a review of the business, an in-depth analysis of one or more important topics (procurement policy, optimization of business assets, research and development, analysis of the position of major subsidiaries, existence and organization of internal control, coverage of financial risks, etc.);
- an annual budget meeting with each portfolio company, updated at additional meetings when new projections become available;
- numerous discussions or meetings organized with members of the management of each portfolio company, if required.

The members of the Investment Committee present a summary of their work monitoring the portfolio companies for which they are responsible and make recommendations in the event significant decisions concerning these investments need to be made. Moreover, in order to strengthen dialogue with the subsidiaries and better understand their operating environment and the concerns of their respective management teams, Wendel SE is systematically represented on the governing bodies of the subsidiaries and, in particular, on their Audit Committees. This presence on the governing bodies of the portfolio companies gives Wendel SE and its representatives insight into whether risk management and internal control procedures are functioning properly.

Wendel SE Supervisory Board is kept regularly informed of trends in the economic and financial situation of the companies in its portfolio at the numerous meetings described in the section titled "An appropriate organization with clearly-defined responsibilities and powers."

Senior executives of all portfolio companies are chosen in agreement with Wendel SE. In addition, Wendel SE representatives take part in the governing bodies of each portfolio company, enabling it to closely monitor the compensation of their principal executives and ensure its incentive character. Wendel SE also thereby aims to align the interests of the executives with those of the company they manage.

Monitoring Wendel's financial position

Internal control procedures are designed to provide ongoing reasonable assurance that financial transactions are carried out under secure conditions and in accordance with objectives:

- trends in NAV, in financial leverage and in bank covenant compliance are regularly monitored;
- Wendel SE has been rated by Standard & Poor's since September 2002 and since September 2018 by Moody's;
- the Executive Board regularly monitors the indebtedness, liquidity position and cash projections presented by the Chief Financial Officer and regularly presents the debt and liquidity positions to the Supervisory Board;
- the Executive Board reviews the monthly reporting of the cash position and cash investments of Wendel SE and its holding companies;
- Wendel SE and its holding companies have a budget process with formal procedures and responsibilities, including budget tracking.

The procedures for preparing financial statements and the financial information communicated outside the Group are detailed in the section titled "Control activities to ensure reliable accounting and financial information."

Arranging financing

Financing terms and their implementation are approved by the Executive Board after an in-depth review of various solutions and an analysis of Wendel's SE financial situation prepared by the Chief Financial Officer. After the Legal department reviews the related contracts and legal documentation, financing transactions are executed under delegations of power and/or signature authority given by the Executive Board Chairman to the Chief Financial Officer, the Director of Legal Affairs, or a member of the Management Committee. Depending on the transaction amounts and characteristics, the by-laws require bond issues or new loans to be authorized by the Supervisory Board.

Exposure to interest rates and exchange rates is analyzed regularly by the Chief Financial Officer. The Executive Board decides whether or not to adjust interest-rate and exchange-rate exposure, and if necessary, appropriate financial instruments are put in place.

Procedures for preventing fraud and monitoring commitments and expenditure

The procedures for authorizing expenditure commitments at Wendel SE, its holding companies and foreign offices cover all of Wendel's commitments as well as the signatures needed for bank transactions (*via* delegated signature authority).

- estimates are submitted by several service providers. They are negotiated under the supervision of the Management Committee member or members in charge;
- expenditures are subject to a formal authorization procedure. Depending on the amount, they must be authorized by the Management Committee member in charge of the expenditure, by an Executive Board member, and/or by the Executive Board Chairman. Funding requests are compared with the budget, and invoices are approved after comparison with funding requests;
- only the Finance department can issue checks and transfer orders, backed up by supporting documentation, and it informs the Chairman of the Executive Board when the amount exceeds a certain threshold.

IT tools used in order to improve visibility on its commitments and better manage and track expenditures will be migrated in 2020 into the Finance ERP currently being deployed.

For the Group's foreign offices, the Chief Financial Officer has issued in 2018 a procedure for managing their finances and business administration. The Audit department carries out a formal audit of Wendel's foreign offices at least every 2 years to make sure they adhere to the Group's internal control policy.

Preservation of IT data integrity

In order to prevent the risks of abuse of and intrusion into computers and IT systems, the IT department is in charge of developing initiatives on data conservation and storage systems. In 2019, continued efforts were focused on improving data security and cybersecurity. More specifically, Wendel continued to implement its IT strategy, increasingly relying on SAAS (Software As A Service) IT solutions.

Control activities to ensure reliable accounting and financial information

The risks related to the preparation of Wendel's accounting and financial information mainly include the risk of error, risks inherent to the use of estimations (see notes 1.9 and 1.10 to the consolidated financial statements as at December 31, 2019), and risks arising from the valuations used to calculate NAV.

The internal control procedures designed to ensure that the annual (parent company and consolidated) and semi-annual financial statements present a true and fair view of the results of operations as well as Wendel's financial position and assets are as follows:

Procedures for the preparation and consolidation of the financial statements

Wendel SE applies International Financial Reporting Standards (IFRS) for its consolidated financial statements. The principal rules applicable are described in the annual financial report and are distributed to subsidiaries as part of the process for reporting and for preparing the financial statements. Because of the diversity of the subsidiaries' activities, Wendel SE leaves it up to each subsidiary to propose the accounting processes appropriate for its business. The Finance department and the head of consolidation at Wendel look at uniformity of treatment within the Group, in particular by examining accounting principles in the financial statements of each subsidiary.

In addition, Wendel's Finance department oversees the proper reporting of full accounting and financial information from the subsidiaries to Wendel using the following procedures:

- in coordination with the Finance department of each subsidiary, a schedule is set for the submission of financial statements with the supplementary information required for preparing Wendel's consolidated financial statements;
- Wendel's SE CFO or his staff meet with the Finance department of each subsidiary to prepare the closing and to review the highlights of the period as well as any significant or exceptional transactions;
- accounting information from subsidiaries is reviewed in detail and consistency checked with the financial information compiled by the investment team from subsidiaries' monthly activity reports.

The Chief Financial Officer is a member of the Management Committee and the Coordination Committee (see section titled "Persons involved in internal control at Wendel"), which enables him to review significant events likely to have an impact on the Group's consolidated financial statements, the parent company financial statements, or on the financial statements of holding companies. The Chief Financial Officer reports directly to the Executive Board and is thus fully independent of other Wendel departments.

Procedures for auditing of the financial statements

At the controlled subsidiary level:

- to secure better upward reporting to Wendel's Statutory Auditors, the Group engages the same auditing firms for all subsidiaries, to the extent possible. Selection criteria for the Statutory Auditors includes their ability to audit all directly- and indirectly-held subsidiaries throughout the world and to obtain audit results and any observed anomalies from the subsidiaries' Statutory Auditors;
- a representative of the Finance department attends end-of-audit or Audit Committee meetings of subsidiaries under exclusive control and receives details of audit and internal control observations raised by the subsidiaries' Auditors during the course of their audit;
- one or more representatives of Wendel SE attend Board of Directors/Supervisory Board Meetings and/or Audit Committee Meetings of portfolio companies.

At the Wendel SE level:

- the Group CFO is responsible for accounting policies and compliance with accounting rules. If required, he has the authority to commission audits and informs the Executive Board of the results of any such audits. He regularly holds pre-closing meetings with the Statutory Auditors to follow-up on issues raised in previous financial periods and to explain how they were resolved. He also discusses transactions carried out during the financial period in question and the planned accounting treatment;
- the Executive Board is in regular contact with the Chief Financial Officer during the preparation of the financial statements. In particular, it is informed of the financial and accounting impact of any significant event, as well as estimates and judgments that have a significant impact on the financial statements. The Statutory Auditors and the Executive Board meet when subjects arise whose accounting interpretation is complex or whose impact on the financial statements is significant. The Chief Financial Officer also reviews all of Wendel's financial communication and is informed of any subject that is likely to have an impact on it;
- the Audit, Risk and Compliance Committee: this committee's remit, mode of operation and activity during the fiscal year are presented in detail in section 2.1.2.1. The committee can decide to seek independent expert advice to confirm its views on the Wendel's financial position. It also interviews the Statutory Auditors regularly to solicit their opinion about the reliability of the parent company and consolidated financial statements. Finally, the Audit Committee ensures that accounting methods are applied consistently from one year to the next, or that any changes to accounting methods are well founded.

Procedures for calculating NAV

NAV is calculated by the Finance department and finalized by the Executive Board under the procedure described in section 4.3.2. The Statutory Auditors verify that the methodology used for calculating NAV complies with the Group's methodology and confirm consistency with accounting data. NAV calculation and evolution are presented and discussed in Audit, Risk and Compliance Committee meetings before presentation to the Supervisory Board and publication.

Internal control procedures related to financial information

Once the parent company and consolidated statements have been finalized and net asset value calculated, the Audit, Risk and Compliance Committee is asked to issue an opinion on this information before it is submitted to the Supervisory Board. These documents are also submitted to the Statutory Auditors for review (who also audit Wendel's full-year parent company and consolidated financial statements).

3.3.5 Review of the internal control system

The processes implemented at Wendel allow the Company to regularly verify their effectiveness and take steps necessary to improve them.

In addition to the controls carried out by all managers, internal controls are reviewed from two complementary perspectives:

Audit of internal control practices

This audit includes checks of the internal control system and helps with risk management at entities in the scope of consolidation.

A comprehensive review of the internal control system is carried out using detailed self-evaluation questionnaires.

Since 2007, Wendel SE has carried out a number of reviews relating to internal control, relying on the framework set down by the AMF in its January 21, 2007 recommendation and on its application guide updated in July 2010.

The reviews are based on a self-evaluation questionnaire that has extensively updated in 2019 to better adapt it to Wendel Group's specific features and activities, *i.e.* by identifying the specific areas of risk, such as financial risks.

Wendel Group completes the questionnaire once a year and distributes it to its principal, fully-consolidated portfolio companies. Since 2019, deployment is made through an online platform for better efficiency, and improved traceability and follow-up of action plans.

The questionnaire has two parts:

1) **Entity-Level Controls (General principles of risk management and internal control):**

- governance and ethics principles;
- organization and operating methods;
- internal dissemination of information;
- risk management;
- internal control oversight;
- control activities on key processes.

2) **Process level controls both operational and related to the preparation of accounting and financial information:**

- purchase to pay and inventories;
- human resources management;
- order to cash;
- Financial Statement Closing process and Consolidation;
- tax management;
- organization and security of IT systems.

Wendel SE Internal Audit reviews responses through on site visits of portfolio companies. The Audit Committees of subsidiaries subject to controls (for those that have Audit Committees) also examine and analyze the replies given in the questionnaires. The data gathered make it possible to prepare and track improvement plans for the control points that require it. The findings of the questionnaires were given to Wendel's Audit, Risk and Compliance Committee, and a summary of the replies were used in preparing this report.

3.3.6 Achievements in 2019

The application of procedures implemented in previous years was reviewed and improved in 2019 where necessary.

In 2019, Wendel continued its efforts on compliance related matters in the context of *Sapin 2* and GDPR.

New processes designed at Wendel SE level in line with AFA's recommendation to implement the 8 pillars of *Sapin 2* regulation will be progressively ported on a unique online platform dedicated to Compliance. The choice of the platform was finalized in mid-2019. The second semester of 2019 was dedicated to configuration for a sequential deployment of modules in 2020. In the controlled portfolio companies subjected to *Sapin 2*, after rolling out these requirements and conducting a first assessment of their implementations, Wendel monitored progress through Audit, Risk and Compliance Committee meetings. This will continue in 2020 as processes become more mature.

Dedicated trainings deployed to all employees to increase awareness and keep them updated on the compliance rules applicable to Wendel and its employees are now completed annually.

The arrival in January 2019 of a new experienced auditor, supplementing the Internal Audit Director enabled the roll-out of the the road-map and 3 years audit plan approved by the Audit, Risk and Compliance Committee in November 2018.In 2019 more specifically, focus was made on redesigning the process for internal controls evaluation at Wendel and in its portfolio companies and on improvements to operational processes at Wendel SE level and in its foreign offices.

In early 2019, a Director of IT Strategy and Digital Transformation was recruited to assist in the project management around It tools deployment (Finance and HR integrated ERP) and reinforce IT governance and security. In close collaboration with internal audit, cybersecurity improvements were undertaken in 2019 and will continue throughout 2020.

4 EXTRA-FINANCIAL INFORMATION

4.1 Wendel's new ESG ambitions

4.1.1 Wendel and ESG performance

For some time, Wendel has believed that corporate social responsibility constitutes a driver for sustainable growth.

This certainty is rooted in the Wendel culture and has been guiding its vision as an investor for the long term. This has led Wendel to continue to encourage its companies to consider ESG performance in their new product and services development, in their operational and human resources management and in their procurement. The partnership between Wendel and the management teams of portfolio companies relies on the commitment to driving performance on several crucial extra-financial matters, including occupational health & safety and ESG innovation.

For nearly a decade, Wendel's Sustainable Development Team and Sustainability Steering Committee have been implementing and developing initiatives to increase the Group's ESG performance as well as transparency and the quality of its extra-financial information. In 2019, Wendel's long-standing efforts were recognised by the external extra-financial ratings agencies who assessed the performance of Wendel.

On the basis of these solid foundations, Wendel's Executive Board and Supervisory Board expressed in 2019 a renewed ambition to further develop Wendel's ESG approach, into a strategic pillar, aligned with its values and history.

This ambition was welcomed and rolled out by Wendel's teams with enthusiasm and commitment, guided by the eagerness to lead by example and to cultivate trustworthy relationships with all of the Group's stakeholders.

Wendel's mission in terms of ESG performance, outlined in this Universal Registration Document, is the fruit of intense collaborative work carried out through internal and external consultations with the help of ESG experts:

- almost all Wendel's employees participated in interactive workshops about the Group's values and corporate purpose. These workshops were held in a Group seminar dedicated to the sustainable development and digitalization of Wendel and of its subsidiaries;
- in-depth one-to-one interviews were carried out with over 30 stakeholders across all functions and levels of seniority, including independent members of the Supervisor Board, Wendel's executive team and Wendel family representatives;
- lastly, interviews with the management teams of the portfolio companies and Wendel representatives on their Board of Directors were carried out to assess the ESG maturity of the portfolio companies.

4.1.2 Corporate Purpose & Values

As part of the definition of its ESG strategy, Wendel carried out work to define its corporate purpose. At this time, the Wendel values were reviewed following a consultation with the company's internal stakeholders.

Purpose

Engaging with entrepreneurial teams to build sustainable leading companies.

Values

- Engagement
- Excellence
- Entrepreneurial Mindset

What does Engagement mean for Wendel?

First of all engagement means a high sense of responsibility towards Wendel's people, companies, shareholders and other stakeholders.

Wendel's most notable feature as an investor is its engagement. Over the last few months, Wendel has extended this commitment by increasing its support to the portfolio companies. Wendel's steadfast commitment makes it a unique investor: Wendel builds for the long term. Every decision is made with long-term interests in mind. Strategies employed by Wendel include providing Wendel's managerial input, supporting acquisitions and capital expenditure and constantly focusing on innovation. Wendel also pays special attention to developing the employability of its people. Investing for the long term also generally means supporting and assisting companies through difficult times wherever possible.

Wendel's engagement is based on responsibility, trust, and genuine relationships. Wendel knows its people and its companies.

What does Excellence mean for Wendel?

Wendel's founding family has stood by for more than three hundred years old. The firm's long life can be attributed to its culture of excellence, achieved by building trust, rewarding those who remain reliable and setting high standards and upholding commitments.

First and foremost, excellence implies **open-mindedness** and **curiosity** that push teams to stretch boundaries.

Wendel strives to apply this excellence in its operational and financial discipline and in all investment analyses Wendel's teams carry out. As a listed company, Wendel commits to act as a role model to unlisted companies in its portfolio.

What does Entrepreneurial Mindset mean for Wendel?

For Wendel, Entrepreneurial Mindset indicates a certain state of mind and a behavior that combines courage and reasoned boldness yet being responsible as well as a desire to create something useful for staff, for companies and for communities.

4.1.3 Wendel's ESG Approach

Wendel's ESG approach is based on responsibility and is rooted in a firm belief in the core values of Engagement, Excellence, and Entrepreneurial Mindset.

Those values drive Wendel's behavior both as a company and an investor to deliver its mission: **partnerships with talented management teams to build sustainable, leading companies, whose performance in the long term will create lasting value for all stakeholders.**

To this end, Wendel has defined **2 main levers for impact: (1) its corporate behavior, including its engagement towards its people and communities; and (2) its investment and portfolio management strategies.**

As a professional shareholder investing for the long term, Wendel believes that it can positively impact society and contribute to a sustainable future. The Group has the desire and ambition to become a role model for its corporate peers, with a responsible attitude to the way in which it manages its projects and supports its companies in their transformation towards sustainability leadership.

In order to successfully carry out its mission, Wendel has defined engagements and clear and measurable goals to develop its ESG performance as a company and that of its portfolio companies. The Group has also allocated the necessary resources to enable its teams and companies to meet new expectations.

I. Wendel as a Responsible Company: Be a role model – Empower excellence and engagement

Uphold the highest governance, ethics, environmental and operational management standards

Wendel has made important commitments to ensure that its internal operations are conducted according to its values and the ESG goals defined within the portfolio companies.

First and foremost, Wendel ensures that integrity and transparency characterize everything the Group does. As a professional shareholder and a public company, Wendel promotes exemplary governance and risk management. At Wendel's level, this aim is primarily reflected in a solid governance structure comprised of two distinct bodies, built upon clear rules and open dialogue.

Wendel's Code of Ethics is also central to this commitment. It embodies the values of the Company's employees and shareholders, supplies the frame of reference for Wendel's role as an investor and formalizes its strong commitment to human rights. Faced with the reality of current pressing environmental and social challenges, Wendel is also committed to positively impacting society, whether through its own supply chain and operations.

Foster employability, inclusion, wellbeing, and engagement through concrete actions

Wendel's people are essential assets and are key to its success. Therefore, Wendel is hereby committing to enhancing their employability by investing in their development and training. The Company strives to make Wendel a stimulating workplace by promoting inclusion and wellbeing. It also works to have a positive impact on its communities and to foster community engagement for its employees through tangible and meaningful initiatives.

Following in-depth work conducted by Wendel in 2019 on training, a career development program has been rolled out to enable everyone to fulfil his/her professional goals, both at Wendel and beyond. In a rapidly changing world, truly lasting employability is achieved through regular upskilling and reskilling. Wendel believes that fostering employability is its responsibility as an employer.

Wendel is deeply convinced of the virtues of diversity, which it sees as a vector of performance. In particular, improving gender balance will be a priority at all levels. A Diversity Task Force, which convenes at Wendel with representatives of all key functions and offices, will drive initiatives to reach this balance.

Similarly, engagement and wellbeing at work are essential for everyone to express his/her full potential. To understand the issues truly impacting Wendel's people, internal surveys will be conducted every other year and the results will be carefully analyzed to build action plans which will help to continuously improve its employer brand.

Finally, in recognition of the importance of supporting communities in which it is developing, Wendel is committed to maintaining and strengthening its philanthropic approach and to setting up skills-based sponsorship programs to enable its teams to directly contribute to causes aligned with both theirs and Wendel's values.

II. Wendel, investing for the long term: Building sustainable companies

Invest to support the prosperity and transformation of companies that are respectful of society and the environment

ESG performance is embedded in Wendel's mindset as an investor. It believes that a stringent ESG approach to investment is the most relevant to upholding its responsibility vis-à-vis its shareholders and stakeholders. The investment opportunity assessment framework that it uses sets out a prerequisite for any new investment, the alignment of the company's activity with Wendel's values and corporate purpose and an assessment of long-term resilience.

Its permanent capital and the stability of its shareholder base gives it the time and ability to carefully develop and transform companies in which it invests. Wendel sees its commitment to the continuing prosperity of its companies as a legacy of long history and deeply rooted values.

As an investor for the long term**,** Wendel's key goal is to support and transform companies with the potential to develop in a changing world and to deliver both return on investment to its shareholders and lasting benefits to society.

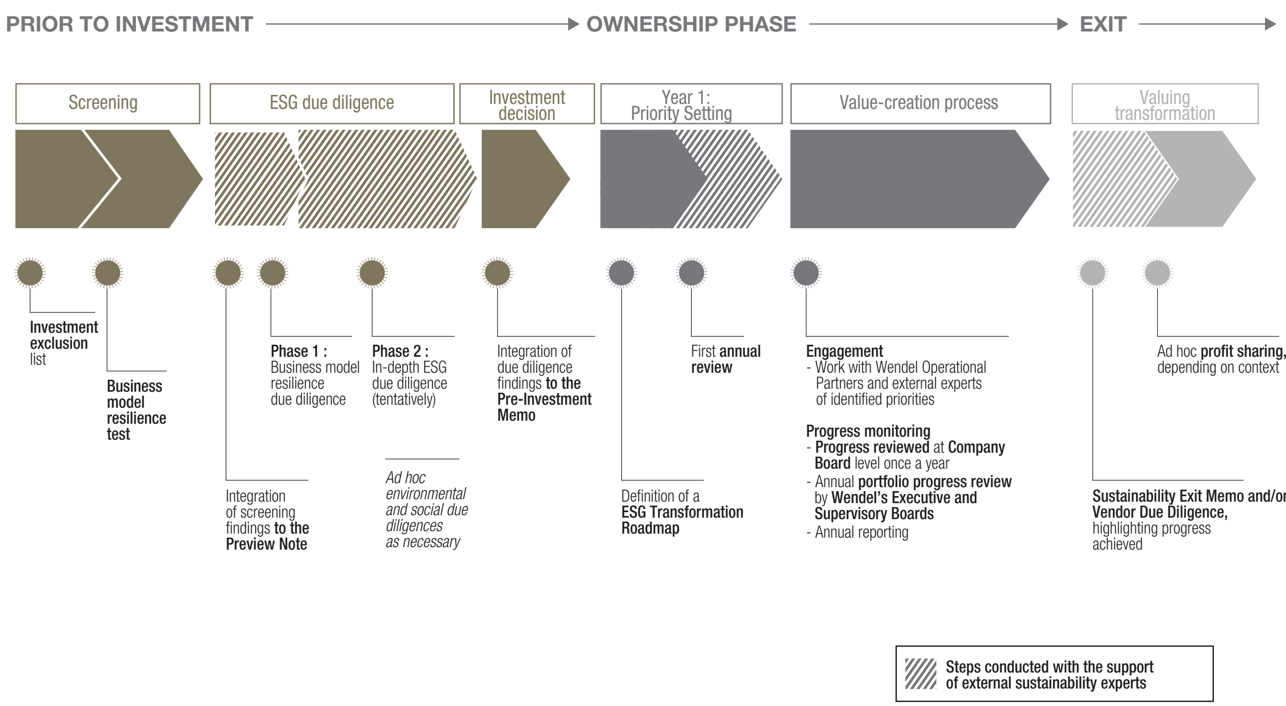
In other words, Wendel believes that taking ESG criteria into account for its investment activity helps to create near-term, medium-term and long-term value, without sacrificing the future for the present. Wendel believes that this balance requires a pragmatic approach and a desire for lasting innovation. In concrete terms, this translates into:

- a thorough analysis of long-term trends, as well as of Environment, Social, and Governance risks, impacts, and opportunities prior to any investment;
- the promotion of policies and decisions that promote long-term growth for its portfolio companies and which engage all their stakeholders in shared and sustained value creation;
- the sharing of its best responsible investment practices by evidencing the ESG progress made by the company during the investment;

- **Prior to investment:** all investment opportunities are systematically assessed through i) a newly defined exclusion list and ii) a business model resilience test. The ESG maturity of the companies is then assessed as part of an in-depth Sustainability due diligence;
- **During the holding period:** an ESG transformation roadmap is defined for each portfolio company, based on ESG due diligence carried out in advance. This roadmap systematically includes items related to operational eco-efficiency with a strong focus on climate change issues as well as the ESG innovation of products and services. Investment teams at Wendel and portfolio companies' management teams are also held accountable for progress against this roadmap with an alignment of variable remuneration with performance;
- **At exit:** the transformation achieved within the company will be highlighted and showcased through an exit memo and presented to the Supervisory Board. When circumstances allow it, Wendel ensures wherever possible, that it associates the teams of the divested company with the value created.

The key milestones of the process are summarized in the graph below:

Figure 1. Integration of ESG throughout the Investment Cycle



In addition, reflecting Wendel's long-standing commitment to transparency, Wendel recently became a signatory of the United Nations' Principles for Responsible Investment (PRI).

Summary of Wendel's Investment Exclusion Policy

Wendel has formalized an Investment Exclusion Policy which applies to all new investments following the signature of this policy by Wendel's Executive Board on March 11, 2020. Key elements of this policy are summarized below.

In addition to refraining from investing in entities involved in the production, marketing or use of, or trade in, illegal products or activities, Wendel will also not invest in entities directly and significantly involved in the production, distribution, marketing or trading in:

1. Tobacco;
2. Pornography;
3. Controversial weapons, as defined by the following treaties:
   - The Treaty on the Non-Proliferation of Nuclear Weapons (1968),
   - The Biological Weapons Convention (1975),
   - The Chemical Weapons Convention (1997),
   - The Ottawa Treaty (1997) on anti-personnel mines,
   - The Convention on Cluster Munitions (2008);
4. Gambling facilities or products;
5. Coal mining and coal-based power generation;
6. Drugs for recreational use.

4.1.4 Wendel ESG 2023 roadmap: Lead by example

I. Be a role model - Empower excellence and engagement

Uphold the highest governance, ethics, environmental and operational management standards

COMMITMENTS		2023 TARGETS	KPIs
GOVERNANCE & ETHICS	Ensure that Wendel employees have the best tools and culture to work in an ethical manner by providing annual training and by supporting the deployment of robust compliance programs.	100% of new employees sign Wendel's Code of Ethics upon arrival. 100% of employees and executives sign an annual Business Ethics declaration, stating their commitment to Wendel Code of Ethics. 100% of employees follow Wendel's annual Business Ethics training course. Review and strengthen the Code of Ethics annually at Executive Board level to ensure that compliance with the highest standards. Ensure that the robustness of the Anti-Corruption Program receives a satisfactory audit assessment annually.	% of employees having signed the annual Business Ethics declaration. % of employees having followed Wendel's annual Business Ethics training course. Annual review of the Code of Ethics at the Executive Board level [Yes/No]. Annual audit of Wendel's Anti-corruption Program [Yes/No].
SOCIAL & ENVIRONMENT	Carefully select and collaborate with suppliers to ensure that they adhere to the Wendel ESG standards.	Deploy a Responsible Procurement approach.	% of suppliers having signed Wendel's ESG clause. % of suppliers selected after an assessment. % of suppliers assessed by a recognized third-party, by risk level. Average rating for suppliers assessed (%).
ENVIRONMENT	Minimize Wendel's direct environmental impact and carbon footprint by making eco-efficiency a priority in decision-making factor.	Conduct an annual carbon footprint assessment and reduce Wendel's carbon footprint by: ■ supplying 100% renewable energy to Wendel offices globally; ■ offsetting all greenhouse gas (GHG) emissions that cannot either be avoided or further reduced; ■ offsetting travel-related carbon emissions. Promote circular solutions and minimize office waste going to landfill. Deploy a plan to reduce the use of paper across all offices.	Direct (scopes 1 & 2) GHG emissions (tons of CO_2eq.). Indirect (scope 3) GHG emissions (tons of CO_2eq.). % of renewable energy procurement. GHG emissions offset (tons of CO_2eq.). % of emissions offset (ratio between Direct (scopes 1 & 2) and emissions offset). % of reduction of unrecycled waste from offices operations. # of circular solutions implemented across Wendel offices globally. % of reduction of paper used.

I. Be a role model - Empower excellence and engagement

Foster employability, inclusion, wellbeing, and engagement through concrete actions			
COMMITMENTS		**2023 TARGETS**	**KPIs**
GOVERNANCE	Nurture diversity and inclusion to expand the teams' perspectives and skills range.	Maintain or achieve gender balance, defined as maintaining a percentage of females within the workforce of between 30 and 60%: ■ among all Wendel employees; ■ among employees in management positions; ■ among Executive Board and/or Investment Committee and/or Management Committee; ■ at Supervisory Board level. Sign France Invest Diversity charter. Hold annual equal opportunity reviews. Talks to spark conversations and inspire change. Add ESG as a key mission of Wendel Supervisory Board and Wendel Governance and Sustainability Committee. Create a Gender and Diversity Taskforce aiming at reducing gender gap and promoting diversity.	% of women among employees. % of women in management positions. % of women on Executive Board and/or Investment Committee and/or Management Committee and/or Coordination Committee. % of women on Supervisory Board. # of Equal Opportunity Talks held annually. # of Equal Opportunity Reviews conducted annually by Wendel's governance bodies (Committees, Executive Board, Supervisory Board). # meetings of Wendel Governance and Sustainability Committee dealing with ESG related matters. # meetings of Gender and Diversity Taskforce of Wendel annually.
SOCIAL	Equip the teams with lasting professional skills by providing all Wendel employees with a personalized career development plan and professional mentorship.	100% of employees have formalized a skills development plan. 100% of employees are offered the possibility to benefit from at least 8 hours per year of non-mandatory training, in alignment with their career development plan objectives.	# of employees with a skills development plan. # of hours of mandatory training (*e.g.* annual business ethics training, etc.). # of hours of non-mandatory training (soft skills or technical, in alignment with employee career development objectives).
	Promote wellbeing to enable employees to reach their full potential.	Conduct employee engagement surveys every two years, starting of April 2020. Formalize and deploy employee wellbeing at work action plans addressing survey findings.	Employee engagement survey [Yes/No]. Employee engagement survey participation rate (%). Employee engagement rate, measured by Third-Party (%). Employees wellbeing at work action plan [Yes/No].
SOCIAL & ENVIRONMENT	Enable the teams to contribute to causes aligned with Wendel's values.	Offer the opportunity to contribute one day per employee per year to non-profit organizations operating in communities where Wendel is present. Establish long-term partnerships with at least two organizations.	# hours of volunteer work performed by Wendel employees during working hours (per year). # of long-term [> 2 years] partnerships formalized with non-profits [with location]. Amounts (€) paid to different community/philanthropic projects.

II. Building sustainable companies

Invest to support the prosperity and transformation of companies that respect society and the environment

COMMITMENTS		2023 TARGETS	KPIs
GOVERNANCE	Screen all potential investments using an up to date exclusion list reflecting Wendel's values as an investor.	100% of investment opportunities screened through Wendel's exclusion list. Annual review of Wendel's exclusion list and business model resilience test criteria at Investment Committee and Supervisory Board levels.	% of investment opportunities screened through Wendel's exclusion list. Annual review of the exclusion list by Investment Committee and Supervisory Board (Yes/No).
	Conduct ESG due diligence on business model resilience for all potential investments to confirm that the investment thesis is aligned with long-term trends, and full, in-depth ESG and compliance assessments on all new investments.	100% of investment opportunities subject to ESG assessment.	% of investment opportunities having undergone phase 1 ESG assessment regarding Business Model Resilience . % of investment opportunities having undergone a phase 2 in-depth ESG and compliance due diligence.
	Define precise ESG roadmaps for all portfolio companies.	100% of portfolio companies having formalized an ESG transformation roadmap aligned with their global strategy. 100% of portfolio companies' progress vis-à-vis this roadmap is reviewed at Company Board level once a year. Overall portfolio progress vis-à-vis their ESG transformation roadmaps is reviewed at Wendel Executive Board level annually. Overall portfolio progress vis-à-vis their ESG transformation roadmaps is reviewed at Wendel Supervisory Board level annually.	% of portfolio companies with an ESG roadmap. % of portfolio companies for which progress vis-à-vis this roadmap is reviewed at Company Board level for each company annually. % of ESG transformation roadmaps reviewed each year by Wendel's Executive Board. % of ESG transformation roadmaps reviewed each year by Wendel's Governance and Sustainable Development Committee.
	Hold Wendel & portfolio companies management teams accountable for progress made against ESG transformation roadmaps.	100% of portfolio companies' Executive Management teams' variable compensation is partially conditional on progress vis-à-vis their ESG transformation roadmaps. Wendel's Executive Board's variable compensation is partially conditional on overall portfolio companies' progress vis-à-vis their ESG transformation roadmaps (including climate change and gender equality). 100% of Wendel's Management Teams' variable compensation is partially conditional on overall portfolio companies' progress vis-à-vis their ESG transformation roadmaps.	% of portfolio companies' CEOs whose variable compensation is conditional on progress made vis-à-vis their ESG transformation roadmaps. % of variable compensation of Executive Board members which is conditional on overall portfolio progress vis-à-vis ESG transformation roadmaps. % of members of Wendel's Management team whose variable compensation which is conditional on overall portfolio progress vis-à-vis ESG transformation roadmaps.

II. Building sustainable companies

Invest to support the prosperity and transformation of companies that are respectful of society and the environment			
COMMITMENTS		**2023 TARGETS**	**KPIs**
GOVERNANCE	**Continuously improve the quality of extra-financial portfolio-level information disclosure.**	Progressively align Wendel's annual extra-financial reporting with international standards, such as the Task Force of Climate Disclosure (TCFD) reporting framework.	Annual PRI score. Alignment with TCFD [Yes/No].
ENVIRONMENT & SOCIAL	**Assess and address the portfolio companies' exposure to transition and physical climate risks.**	100% of portfolio companies have assessed their carbon footprint. 100% of portfolio companies have assessed their exposure to physical and transition climate change risks and opportunities.	% of portfolio companies monitoring their Greenhouse Gas (GHG) emissions. % of portfolio companies with a Greenhouse Gas (GHG) emissions reduction plan.
	Promote operational excellence & ESG-driven innovation across the portfolio companies.	**Operational excellence** 100% of portfolio companies having identified environmental impact priorities and defined associated action plans. Consistent annual improvement of portfolio companies' accident frequency rate. **ESG-driven innovation** 100% of portfolio companies having identified product and services impact priorities and defined associated action plans.	**Operational excellence** Amount (€) spent on [CAPEX]/ and or saved through [OPEX] eco-efficiency measures annually. Workplace accident frequency rate (per 1,000,000 hours worked). **ESG-driven innovation** % of sales associated with sustainable products. Amount spent on ESG-driven R&D projects annually (€).

4.1.5 Existing ESG Practices at Wendel

Engagement with the UN SDGs

Aware of the importance of the United Nations' Sustainable Development Goals (SDGs) as a shared blueprint for sustainable growth, Wendel has selected SDG targets in line with its activity. Wendel believes that its ESG performance strategy will concretely support the achievement of the following SDG targets:

4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.

12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.

13 Take urgent action to combat climate change and its impacts.

Over the next three years, Wendel will work towards the development and promotion of those priority targets as part of its operations and within the portfolio companies for whom it will also support their efforts.

2019-2020 ESG Highlights

I. Empower excellence & engagement

Uphold the highest governance, ethics, environmental and operational management standards

- Wendel adopted a strategic ESG manifesto and 2023 action plan;
- Wendel's Code of Ethics is being updated to explicitly formulate its strong commitment to Human Rights, across its value chain;
- Wendel adopted a tax policy;
- Wendel conducted a carbon footprint assessment;
- Wendel is in the process of defining a responsible procurement process;
- 100% electricity used at Wendel Headquarter is produced through renewable sources.

Foster employability, diversity & inclusion, wellbeing, and engagement through concrete actions

- 360 employee evaluation has been carried out. A Training Plan was developed, building on its findings;
- a home office charter has been implemented (at Paris office);
- signatory of the France Invest Parity charter;
- employment survey on psychosocial risks has been conducted;
- since 2018, ESG objectives are integrated into the Executive Board's and Coordination Committee members variable compensation;
- Wendel answers to extra financial ranking.

II. Building sustainable companies

Invest to support the prosperity and transformation of companies that respect society and the environment

- Wendel has formalized a responsible investment process (including an exclusion list);
- signing of the six principles of the UN PRI:
  - to incorporate Environmental, Social and Corporate governance (ESG) issues into investment analysis and decision-making processes,
  - to be an active owner and to incorporate ESG issues into its ownership policies and practices,
  - to seek appropriate disclosure on ESG issues by the entities in which the company invests,
  - to promote acceptance and implementation of the Principles within the investment industry,
  - to work with the PRI Secretariat and other signatories to enhance their effectiveness in implementing the Principles,
  - to report on its activities and progress towards implementing the Principles;
- Wendel has conducted a portfolio review of ESG maturity;
- ESG due diligence is now systematically conducted as a prerequisite prior to acquisitions. [including the recent acquisition of CPI].

4.2 Wendel[1]

4.2.1 ESG governance involving the various internal stakeholders

Wendel believes that ESG (Environment, Social, Governance) topics within companies are an engine of growth for them. Through its long-term action, Wendel encourages its companies to implement ESG practices. At the same time, it defines its own ESG policy that is adapted to its role of investor and applied by a core team of professionals. The Sustainable Development department established by Wendel in 2011 coordinates initiatives in this area. It is guided by an ESG Steering Committee appointed by the Executive Board in 2012. Its members represent the Company's different business and support divisions: the Investment Committee, the Finance department, the Internal Audit department, the General Secretariat, the Communications and Sustainable Development department and the Operational Resources (human resources, IT and facilities management) department. In 2019, Wendel conducted an in-depth review of its ESG strategy. This work led to the definition of an ambitious strategy for Wendel accompanied by an action plan through 2023 for Wendel and its subsidiaries (see section 4.1).

The Communications and Sustainable Development department reports to the Executive Board, which regularly discusses ESG issues during its meetings. Within the Supervisory Board, the subject is becoming increasingly important, which is why the Governance Committee was renamed the "Governance and Sustainable Development Committee" in early 2020.

Wendel adopted a Code of Ethics which embodies the values of the Company's employees and shareholders, and supplies the frame of reference for Wendel's role as a long-term investor. With a concern for constant improvement and to further its commitment to responsible practices, this Code of Ethics was is currently being updated to take into account Wendel's new ESG challenges; in particular, the Code of Ethics specifies its commitment to respect for human rights and the environment.

It applies to all employees and executives of the Company.

Historically, Wendel has paid special attention to two ESG themes within its subsidiaries: employee health and safety, as well as the integration of ESG performance criteria into the design of products and services *(see part 4.2.4.1 "Extra-financial issues within Wendel Group subsidiaries: consideration of risks and opportunities to build sustainable leaders")*. All companies subject to the EFPD obligation have been requested to integrate these two criteria into their risk analyses.

4.2.2 Extra-Financial Performance Declaration: reporting methodology

In the context of Decree No. 2017-1265 of August 9, 2017 transposing Directive 2014/95/EU of October 22, 2014 setting out the rules relating to the publication of extra-financial information in the management report provided for in Article L. 225-100 of the French Commercial Code, Wendel has produced the Extra-financial performance declaration (EFPD) presented in the following pages for the 2019 fiscal year.

Unlike the previous reporting framework (Grenelle 2), the companies concerned must publish the following information:

- an overview of the business model;
- a description of the main risks related to the business, covering social and environmental aspects and, where applicable, respect for human rights and the fight against corruption and tax evasion, including where relevant and proportionate, the risks created by the business relationships, products or services;
- a description of the policies applied, including, where applicable, the due diligence procedures implemented to prevent, identify and mitigate the occurrence of these risks;
- the results of these policies, including key performance indicators.

(1) *The Wendel name includes Wendel SE, its holdings and its offices abroad.*

Business model

MISSION

Wendel works with entrepreneurial management teams to develop leaders for the long term

VALUES

Engagement
Excellence
Entrepreneurial spirit

GOVERNANCE

Supervisory Board

- 12 members, including 6 members of the Wendel family and 1 employee representative
- 45% independent members
- 45% women
- Audit, Risk and Compliance Committee
- Governance and Sustainable Development Committee

Executive Board

- 2 members appointed by the Supervisory Board for 4-year terms

Committees

- Investment Committee
- Management Committee
- Coordination Committee

ESG STRATEGY

Serve as a role model Promote excellence and commitment

- Foster employability, inclusion, well-being and commitment through concrete actions
- Adhere to the highest standards in governance, ethics, environment and operational management

Build sustainable companies

- Invest to support and transform companies with respect for the environment and society

Lead by example in addressing ESG challenges

- Compliance program including Sapin II requirements
- Carbon footprint and actions to reduce its carbon footprint
- Responsible purchasing practices

Sponsorship

- Partnership with INSEAD since 1996
- Founding sponsor to Centre Pompidou-Metz since 2010
- Philanthropic Committee

RESOURCES

PERMANENT CAPITAL

Family shareholding
39.1% held
by Wendel-Participations and related parties*
(reference shareholder)

Employee shareholding
74.5% shareholders employees
owning 0.9% of capital

Individual investors
19.3% of capital held
by nearly 23,000 individuals

Institutional investors
35.2% of capital held,
across 30 countries

Bond investors
accounting for **€1.7 billion**

HUMAN RESOURCES

- **90 employees** based in Paris, Casablanca, London, Luxembourg, New York and Singapore
- **52% of the total staff are women**
- **21% of investment team members are women**

Wendel's business model as of December 31, 2019.
* In accordance with Article L. 233-10 of the French Commercial Code, the data include Wendel-Participations SE, its Chairwoman, Priscilla de Moustier, and Société Privée d'Investissement Mobiliers (SPIM).

OUR INVESTMENTS

Wendel invests its capital, as the majority or lead shareholder, in companies which are leaders in their sectors or have the potential to rise to the top. As it assists these companies, Wendel promotes responsible, sustainable growth for the long term.

BUREAU VERITAS
Certification and inspection services
Since 1995

ALLIED UNIVERSAL
Security services
Since 2015

CONSTANTIA FLEXIBLES
Flexible packaging
Since 2015

CRISIS PREVENTION INSTITUTE
Training services
Since 2019

CROMOLOGY
Decorative paints
Since 2006

IHS TOWERS
Telecoms infrastructure
Since 2013

STAHL
High-performance coatings and leather-finishing products
Since 2006

TSEBO
Business services
Since 2017

WENDEL LAB
Investments in innovation
Since 2013

OTHER ASSETS

VALUE CREATED WITH AND FOR STAKEHOLDERS

Measurement of value creation

- Over €9 billion of gross assets
- Over €5 billion in market capitalization
- Net Asset Value (NAV) of €166.30 per share on 12/31/2019, or a 12.8% increase
- Overall yield (dividends re-invested) of 11.8% per annum since 06/13/2002

Support for companies

- Active and ongoing assistance, discussions on risk taking, sharing of experiences and pooling of financial and technical expertise
- Representation on the companies' boards of directors and key committees

Shareholder dialogue

- Institutional investors: 370 meetings
- Wendel Shareholder Advisory Committee: 3 meetings
- Letter to shareholders: 3 letters
- Governance roadshows
- Lead director

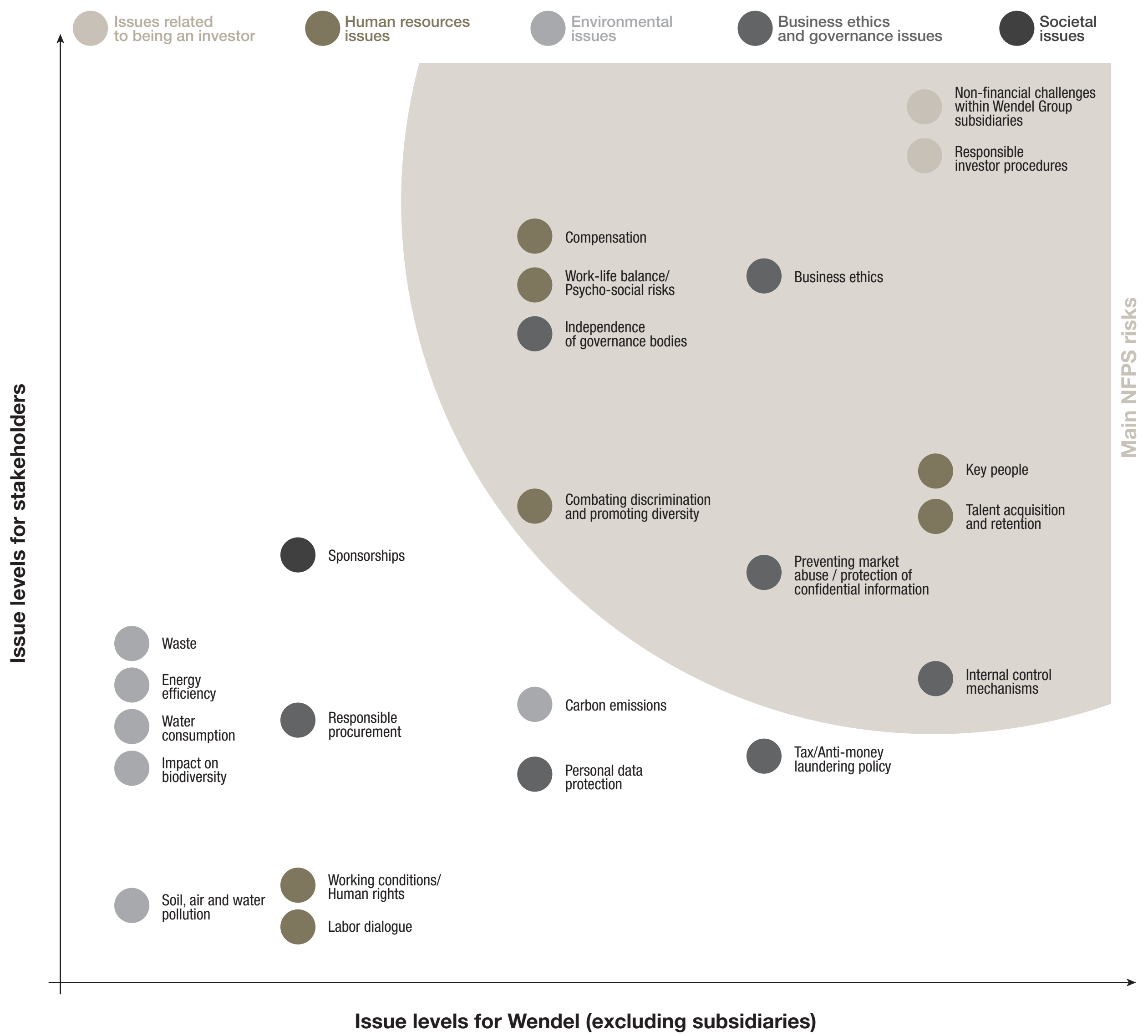
Employee development and value sharing

- 16.5 hours of training per employee
- Profit-sharing agreement, group employee savings plan, collective pension fund
- Supplementary pension plan
- 94% employees were awarded stock options and performance shares
- Reimbursement of daycare expenses
- Supplemental insurance, contingency benefits

At the Wendel level

For fiscal year 2018, Wendel identified the main extra-financial risks relating to its business, based on the operational risks, interviews with its various departments, the international SASB reference framework and the reports of extra-financial rating agencies (ISS Oekom and Sustainalytics). This work was conducted again for fiscal year 2019 to ensure its relevance, in collaboration with the sustainable development and communications, human resources, internal audit and finance and General Secretariat departments. These risks were submitted to the Wendel Executive Board for approval and reviewed by the Wendel Audit Committee.

The main risks that were identified are the ones presented in the following matrix:



These main risks, as well as their mitigation policies, action plans and tracking KPIs are presented in this chapter and are identified in the summary by the following icon:

NFS

Description of the risk

The cross-reference table below links the extra-financial information required in the Extra-financial performance declaration (EFPD) with the other parts of the Wendel Universal Registration Document, when they are relevant to the Company's main risks or policies, in accordance with Article L. 225-102-1 of the French Commercial Code.

Topics	Paragraph
Business model	
Description of the main businesses (business segments and/or divisions), products or services, including key figures (volume of activity, headcount, results) by business/division and/or geographical area	Introductory guide + pages 30 to 42
Interactions within its subsidiaries/business segments (customer categories, potential partnerships, use of subcontracting, competitive positioning, relations with stakeholders, etc.)	Competitive positioning: part 1.2
Challenges and outlook for the entity and its businesses (market trends, ongoing transformations, sectoral sustainable development issues, etc.)	Strategic orientations: p. 25 & part 1.3.4
Information relating to value creation and its distribution among stakeholders	Dividends: part 8.1.2 Commitments in civil society: part 4.2.7
Vision and objectives of the entity (values, strategy, transformation or investment plan)	Section 1.3
Main risks related to Wendel's business	
Extra-financial challenges in Wendel Group subsidiaries: awareness of the risks and opportunities to create long term value	Part 4.2.4.1
Risks related to the human resources of Wendel teams	Part 4.2.4.2
Risk of non-independence of governance bodies and control mechanisms;	Part 4.2.4.3
Risks linked to Business Ethics	Part 4.2.4.4
Other information disclosed by Article L. 225-102-1 of the French Commercial Code	
The employee-related consequences of the business, particularly with regard to collective agreements and their impact, the fight against discrimination and the promotion of diversity, societal commitments, disability	Part 4.2.4.2
The environmental consequences of the business, in particular with regard to climate change, the circular economy, food waste, the fight against food insecurity, respect for animal welfare and responsible, equitable and sustainable nutrition	Environmental risks have not been identified as relevant in view of Wendel's investor activity (other than risks related to the business of the companies that it controls). However, Wendel believes that climate issues are everyone's responsibility, and it conducted a carbon audit in 2020. Climate issues are the subject of specific commitments in the 2023 plan, see section 4.1.3.
The impact of the business on respect for human rights	Part 4.2.4.2 "Promotion and respect of the ILO fundamental conventions"
The impact of the business on the fight against corruption	Part 1.3.4

In 2019, Wendel initiated a strategic project to make ESG the core of its strategy.

Additional information (not directly related to the main extra-financial risks) is presented to provide a better understanding of Wendel's ESG context. This is the case especially in part 4.1, which presents the Group's approach and its ESG 2023 Roadmap: Lead by Example.

At the Wendel Group subsidiary level

Wendel is the majority shareholder in Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Tsebo and CPI. With the exception of CPI which will not be consolidated until 2020, the financial statements of these companies are fully consolidated in the Group's consolidated financial statements and must be included in Wendel's Extra-financial Performance Declaration and reviewed by an independent third-party body, as required by Article L. 225-102-1 of the French Commercial Code (Code de commerce).

As a result, the same exercise was carried out in each of the companies in the consolidated portfolio and was updated for fiscal year 2019. Wendel, assisted by an external consulting firm, provided a methodology for identifying and prioritizing the main extra-financial risks to the companies in the scope in question (excluding Bureau Veritas): Cromology, Constantia Flexibles, Stahl and Tsebo. The results of this work have been validated by the appropriate governing body of each company in the portfolio and the risk analysis methodology used to obtain them was reviewed by an independent third-party body. The main risks are presented for each of the companies that it controls (section 4.3 "Wendel's subsidiaries reviewed by an independent third-party body").

Bureau Veritas, Wendel's largest controlled company, listed on Euronext Paris and included in the Next 20 index (Compartment A, ISIN Code FR0006174348, stock symbol BVI), publishes an EFPD for itself, which is available in its own 2019 Universal Registration Document and reviewed by an independent third-party body. In the section of this chapter about portfolio companies, Wendel publishes an introduction to the extra-financial information from Bureau Veritas.

In addition, the data on the companies that it controls published in part "4.2.4.1 "Extra-financial issues within Wendel Group subsidiaries: consideration of risks and opportunities to build sustainable leaders" concerns the fully consolidated subsidiaries (Bureau Veritas, Constantia Flexibles, Cromology, Stahl and Tsebo).

Every Group subsidiary and associated company is expected to develop an ESG policy addressing its specific issues. Each company has therefore established targets and action plans based on its sector's regulatory environment and its individual growth strategy. Group companies operate in very different fields (see section 1.7 "Subsidiaries and controlled companies") and are at different stages of maturity in implementing dedicated ESG policies and indicators. Wendel therefore does not consider it appropriate to consolidate all indicators used since this information would have no operational significance, but has chosen to publish mainly indicators for monitoring the ESG policies of the companies it controls. However, to provide a comprehensive reading of the portfolio's performance, Wendel publishes consolidated indicators for certain themes where relevant.

4.2.3 Duty of Care

In 2016, in response to the requirements of the law of March 27, 2017 on the Duty of Care, Wendel's CSR Steering Committee set up a working group to create a vigilance plan applicable to the Group companies affected by this regulation. The principal Group companies affected by the Duty of Care are Bureau Veritas, Constantia Flexibles, Cromology, Stahl and Tsebo.

With regard to information published pursuant to Article R. 225-105-1 of the French Commercial Code, a certain number of tools and procedures had already been implemented on topics covered by the duty of care.

As an investment company that acts as a professional shareholder, Wendel does not take part in the operational management of its subsidiaries. It ensures that the risks targeted by the Duty of care regulation are taken into account by the subsidiaries it controls, however, to the extent they relate to their business. In this context, the relevant companies completed a questionnaire about their risk environment with respect to the topics covered by the Duty of Care regulation:

- preventing violations of human rights and fundamental freedoms;
- personal health and safety;
- preventing harm to the environment.

On the basis of this questionnaire, vigilance plans were drawn up by the companies within the relevant scope in accordance with applicable regulations and are published in this Universal Registration Document. In 2019, a review of prevention plans and policies was conducted by an auditing firm whose findings are communicated to the companies.

As Wendel is a holding company made up of a small management team, its duty of care largely relates to its controlled companies and is thus covered in the EFPD. Nonetheless Wendel incorporated duty of care into its whistleblowing procedures and began setting up a third-party assessment procedure. With regard to environmental protection, Wendel has strengthened its carbon footprint and renewable electricity policies (see 4.2.6.).

The vigilance plan of each entity controlled by the Wendel Group is presented in the section of this chapter devoted to it.

4.2.4 Wendel's main extra-financial risks

The main extra-financial risks identified by Wendel are as follows: extra-financial risks within subsidiaries, risks linked to human resources, governance bodies and control mechanisms, and business ethics.

4.2.4.1 Extra-financial issues within Wendel Group subsidiaries: consideration of risks and opportunities to build sustainable leaders

NFS

Risk description

By investing for the long term, Wendel is committed to working with entrepreneurial teams to build sustainable leaders. Wendel believes it is essential for the companies in which it invests to take into account extra-financial issues, both in terms of the risks they may involve and the sustainable value creation opportunities they represent.

Wendel makes sure that management in its portfolio companies takes the appropriate measures to prevent and/or mitigate extra-financial risks and seize every opportunity to create value over the long term. For Wendel, this is a matter of strengthening its positive impact – in strict compliance with its role as a shareholder and with rules of governance – on the companies in its portfolio by encouraging them to take ever greater account of extra-financial issues.

Policies and results

Beyond the implementation of the regulations mentioned in 4.2.2 and 4.2.3, Wendel has a responsible investor strategy and integrates the study of ESG (Environment, Social and Governance) risks and opportunities throughout the life cycle of its investments, in particular:

The main stages of this process are summarized in the diagram "Integration of ESG criteria throughout the investment cycle", section 4.1.3.

1) ***upstream of investment:***

In 2020, Wendel adopted a responsible investment procedure that includes demanding ESG due diligence. This procedure contains a binding exclusion list by which Wendel undertakes not to invest in certain sectors it considers contrary to its values and its mission (see section 4.1.3):

Whenever Wendel considers an equity investment, due diligence on environmental and social issues is carried out.

In 2019, 100% of late-stage investment opportunities have undergone ESG due diligence.

2) ***through the long-term support it provides to its companies:***

As a shareholder, the Wendel Group is not involved in the operational management of its subsidiaries but does ensure, mainly through close communication with their management and the Boards of Directors, that these companies gradually integrate ESG issues in their risk management and strategies. The controlled companies are already subject to numerous national regulations, and this dialogue is carried out in compliance with local laws:

For 2019, the results of ESG support for controlled companies (5 companies) are as follows:

- 100% of companies had a Committee or Board of Directors that reviewed ESG in 2019;
- 100% of the companies have updated their mapping of extra-financial risks and their mitigation policies, as well as specific indicators allowing for these risks to be monitored, within the framework of the EFPD regulation;
- 100% of the companies have updated their vigilance plan on ESG issues in their business and that of their suppliers and/or subcontractors, as part of the regulation on the Duty of Care. Four of them were not subjected to this regulation outside Wendel's control;
- As part of the deployment of Wendel's Compliance program, 100% of companies have deployed a compliance program, implemented an anti-corruption policy, formalized risk mapping specific to corruption and a whistleblowing system.

Even though the responsibility for managing extra-financial issues is assumed directly by the management teams of the various companies, through its role as a professional shareholder, Wendel oversees and promotes the ESG initiatives of its subsidiaries and controlled companies, in particular in two areas: employee safety and ESG performance of products and services;

- As a shareholder Wendel is particularly attentive **to issues related to employee and consumer health and safety**, which it considers priorities. It views the safety of employees and consumers as the most important of a company's responsibilities and a fundamental prerequisite to good management. Workplace health and safety indicators are often revealing in terms of how well a company is run:
  - 100% of the consolidated controlled companies monitor accident statistics (frequency and severity rate of work accidents, using their own methodologies);

- 100% of companies have a dedicated policy on employee health and safety;
- 100% organize training courses dedicated to health and safety.

For example, at Bureau Veritas, Cromology and Constantia Flexibles, the criteria used in determining the variable compensation of management includes occupational health and safety criteria. This indicator has also been monitored by Stahl's Board of Directors at Wendel's request since 2006, when Stahl joined the Group, and has been declining steadily since then, although it was at a low level to begin with. Moreover, 100% of Cromology's industrial sites are OHSAS 18001 certified.

Constantia Flexibles has also been rewarded for its efforts in the field of occupational safety, since the frequency rate of lost-time incidents has decreased by 76% since 2015, when Wendel became the majority shareholder.

In 2018, Bureau Veritas carried out a project to improve the management system and integrate ISO 45001 (the standard that replaced OHSAS 18001). In 2019, Bureau Veritas exceeded its 2020 target of 85% of activities being certified ISO 45001 (excluding certification activities that are subject to specific accreditations and excluding companies acquired in 2018 that have a period of one year to deploy the group's management system and integrate the Bureau Veritas certificate).

- **The integration of ESG (Environment, Social and Governance) dimensions into the performance of products and services** designed and distributed by the companies is encouraged and monitored by Wendel, which considers these dimensions as opportunities. If the portfolio companies did not take them into account, they would risk losing competitiveness and not responding to new consumer demands.

For example, with its solutions, Bureau Veritas helps customers continuously improve their operations in the areas of health and hygiene, safety and the environment, and it has developed a specific ESG offer to meet the needs of companies, called Circular+. In 2019, revenue from Certification's Sustainable Development offer grew by 15%.

More than 75% of products designed by Stahl are now solvent-free. Cromology's strategy is to develop innovative products with new functions that are more resistant, and therefore better for the environment from a life-cycle perspective, and that meet French "HQE" (High Environmental Quality) standards. Cromology achieved its goal of reducing the volatile organic compounds (VOC) emissions of its products over a ten-year period. Around 90% of the paint in its product ranges is now water-based. Similarly, Constantia Flexibles is committed to ensuring that 100% of its packaging solutions are recyclable by 2025.

In addition, Stahl and Constantia Flexibles, use the life-cycle analysis (LCA) methodology of their products and processes.

Owing to its catering activity, and with the help of dieticians, Tsebo has integrated nutritional food quality issues and has developed several programs targeted towards its customers to encourage them to adopt healthier consumption habits (for more information, please refer to the Tsebo EFPD).

3) in the ESG management of subsidiaries:

Since 2018, on its own initiative, Wendel has been collecting and publishing data[1] on the ESG performance of the companies in the following areas:

Governance

- The shareholder governance bodies (Board of Directors or Supervisory Board, as the case may be) have an average of 23% women and 40% independent members (as defined by the Afep-Medef Code);
- The operational governance bodies (Management Committee or Executive Committee, as the case may be) have an average of 17% women members.

Social

- The number of employees in the Wendel consolidated portfolio at December 31, 2019 was around 130,000, spread over Europe, North America, South America, Africa and Asia;
- 35% of these employees are women;
- 100% of the five controlled companies have a training plan with a total of 1,707,780 hours of training provided in 2019[1].

Environmental

- 100% of the five companies have an environmental management system (in particular through ISO 14001 certification of all or part of their business scope);
- 60% of the five companies use renewable energy in their energy consumption;
- 80% of the five companies calculate their scopes 1 and 2 carbon emissions, which total 450 kT of CO_2 equivalent. Scope 3 emissions were calculated and/or estimated for 60% of companies over the last four years;
- 60% of the five companies have set and publicly communicated quantitative targets for the reduction of CO_2 equivalent emissions.

Societal

- 100% of the five companies have societal commitments in order to redistribute the value created by their business to external stakeholders.

In addition, in 2019, Wendel conducted a review of the ESG maturity of its portfolio companies to improve their performance in these areas.

(1) These indicators concern Wendel's full consolidation scope and cover Bureau Veritas, Constantia Flexibles, Cromology, Stahl and Tsebo. To consult the reporting methodology for the data collected by each of the companies, as well as the details of the measures and policies implemented by each company, please refer to the appropriate chapters.

4.2.4.2 Risks related to the human resources of Wendel teams

Risk description

The Wendel Group's primary resource is its human capital.

Wendel operates a service business which demands a high level of skills and commitment from its employees. Employees are key to delivering its mission since they are responsible for the relationship with portfolio companies and must continually engage with them in a constructive manner on all strategic aspects of the Company's activities.

Attracting and retaining talent over time is therefore a key factor in the Group's success. However, the size of Wendel's teams (90 employees worldwide) limits this risk.

Policies and results

Managing these risks entails setting a good example (which starts with executives), providing adequate training, creating attractive working conditions, promoting diversity within teams, offering competitive pay, and appraising performance in a way that encourages transparency, progress and teamwork.

The Human Resources department's local management of HR matters for employees in France and worldwide also means the Company can offer an effective response to any needs or risks that may arise. Moreover, the system for managing HR data within the Group has been overhauled meaning that data and KPIs can be managed more effectively.

Context of Wendel teams

As at December 31, 2019, Wendel and its holding companies employed a total of 90 people.

Wendel has foreign offices dedicated to investment research and/or support the Group's companies in their international expansion. The Luxembourg-based company (established in 1931) also acts as a holding company. Other offices have been established more recently: in Morocco, Singapore and the United States in 2013 and the United Kingdom in 2015. Companies located in Japan and the Netherlands closed in the first half of 2019.

In France

Wendel has 54 employees in France. In addition to the investment team and the senior management team, 10 or so experts specializing in finance, law, taxation, sustainable development and communication work in the management teams on investment and divestment transactions in France and abroad on a day-to-day basis.

In 2019, Wendel employed two people on fixed-term contracts (one apprentice and one fixed-term contract) and a temporary worker. These resources are not included in the Company data presented in this chapter.

The remaining staff in the Finance, Legal, General Secretariat, Tax, the Sustainable Development and Communication and Operational Resources departments support Wendel's offices in France and abroad.

Employees with a permanent(1) employment contract in France: staff numbers and change	12/31/2019			12/31/2018			12/31/2017		
	Non-management	Management	Total	Non-management	Management	Total	Non-management	Management	Total
Total workforce	6	48	54	4	50	54	5	46	51
of whom Women	*3*	*27*	*30*	*1*	*27*	*28*	*2*	*24*	*26*
Male	*3*	*21*	*24*	*3*	*23*	*26*	*3*	*22*	*25*
New hires(2)	2	9	11	-	7	7	-	6	6
of whom Women	*2*	*4*	*6*	-	*3*	*3*	-	*3*	*3*
Male	*0*	*5*	*5*	-	*4*	*4*	-	*3*	*3*
Departures(2)	0	8	8	-	4	4	3	7	10
of whom Women	*0*	*4*	*4*	-	*1*	*1*	*2*	*4*	*6*
Male	*0*	*4*	*4*	-	*3*	*3*	*1*	*3*	*4*

(1) Workforce France permanent contracts.
(2) New hires and departures including internal mobility of 3 employees, from abroad to France and vice versa, having taken place in 2019 (recognized as -1 in the departure country and +1 in the host country) and expatriated employees who are no longer included in the headcount in France. Mobility between offices abroad are not recognized.

Overseas

The holding companies and offices outside of France are located in five countries and have 36 employees, almost two-thirds of whom are in the investment teams (investors + office managers and assistants). The rest of the teams work primarily in financial and legal activities at the holding company in Luxembourg.

Employees with a permanent[(1)] employment contract abroad: staff numbers and changes	12/31/2019	12/31/2018	12/31/2017
Total workforce	36	43	46
of whom Women	*17*	*19*	*21*
Male	*19*	*24*	*25*
New hires[(2)]	5	3	6
of whom Women	*4*	*2*	*3*
Male	*1*	*1*	*3*
Departures[(2)]	12	6	4
of whom Women	*6*	*4*	*1*
Male	*6*	*2*	*3*

(1) Workforce with an employment contract abroad.
(2) New hires and departures including internal mobility of 3 employees, from abroad to France and vice versa, having taken place in 2019 (recognized as -1 in the departure country and +1 in the host country). Mobility between offices abroad is not recognized.

Key people

Due to its small workforce, Wendel must ensure that its business is not affected by the departure of key people.

Insofar as possible, Wendel takes the necessary steps to ensure that each specific skill or expertise is possessed by at least two people.

Moreover, the collegial nature of Wendel's processes for making investment and divestment decisions and for monitoring portfolio companies also limits the potential impact of the departure of key personnel.

Talent acquisition and retention

In order to maintain its position as a competitive and attractive company, Wendel is committed to hiring excellent talent, creating the best possible working environment for its employees whilst developing their skills.

Training in fish production

Developing the employability of its staff is one of Wendel's priorities.

The process of 360° feedback introduced in 2018 has helped to improve the standard of personal objectives set for all employees. 100% of permanent employees took part in 2019.

Wendel offers its employees customized training to ensure that they always have the skill level required to perform their jobs.

As such, in line with its global strategy, the Company has introduced a new training catalog divided into various themes (job-related, technical, behavioral etc.) to support the development of teams and the organization. This training catalog supports employee objectives and will be rolled out across all countries throughout 2020. This process begins with a "Get to Know" process which enables everyone to get to know existing business lines within the Company and to gain a better understanding of the issues associated with each job.

In total, 88 people, including those having arrived or left mid-year or those with a temporary contract, have been trained, totaling 1,449 hours.

On average, this represents 16.5 hours of training per employee[(1)]. In France, training on average was 14.5 hours per employee compared with 18.3 hours in 2018.

(1) Employees with a permanent employment contract, all offices combined, at 12/31.

KPIs	2019	2018	2017
Percentage of employees trained	92.2%[1] (all countries)	100% (France)	55.7% (France)
Training hours per employee	16.5 (all countries) 14.5 (France only)	18.3 (France only)	*not available*

(1) Percentage of employees present in 2019 who participated in training.

Work-life balance, working conditions and psycho-social risks

As an employer, Wendel has a responsibility to ensure that its employees benefit from working conditions that are conducive to their professional and personal balance. This balance is also a guarantee of their long-term commitment and investment in the Company's goals.

In France

Support for managers, regular meetings with employees and close dialogue with employee representatives (Works Councils), aim to optimize working conditions and relations. In this way, Wendel can implement the measures that most closely match staff expectations.

To help employees better reconcile their professional and family responsibilities, since 2010 Wendel has offered free daycare for the children of any employees who request it. In 2019, Wendel financed daycare for four children, for the benefit of four employees.

Furthermore, in addition to the part of the Social and Economic Committee's budget devoted to social and cultural activities (e.g. holiday vouchers, gift vouchers, discounted cinema tickets, etc.), Wendel covers various services: sports lessons, Cesu checks (Checks for Universal Employment Services), comprehensive health checks.

Wendel has introduced remote working within the framework of a specific charter signed in November 2018 and rolled out across France in February 2019.

Overseas

Abroad, Wendel strives to provide similar services in line with local practices (examples: quality health coverage, contribution to the cost of gym membership, etc.).

Moreover, Wendel wants to introduce a process for improving quality of life at work. With this in mind, at the end of 2019 the Company decided to launch a survey to assess psychosocial risks. Although this is a requirement under French law, the Company has opted to extend it to all international offices. The survey concluded on January 31, 2020 and will be used to identify potential areas for improvement to be implemented.

There are also plans to introduce an internal participatory tool to assess quality of life at work.

All of these measures enhance the appeal of Wendel's employer brand.

Indicators

Wendel's Human Resources department closely monitors all Wendel Employees in France and overseas.

	2019	2018
Absenteeism *(scope: France)*[1]	1.66%	3.11%

*(1) Methodology for calculating absenteeism: (total days of absence*100)/(218 days* average number of employees).*
Absences recognized: illness, commuting accidents, work-related accidents, sick children, part-time working on health grounds/absences not recognized: family events and parental leave.

Absenteeism, excluding family events, has decreased and is around 1.66%.

	2019	2018
Number of accidents *(scope: France)*	0	1
Number of commuting accidents	1	3
Number of fatal accidents	0	0

There was one commuting accident (with no lost-time) and no workplace accidents in 2019.

	2019	2018
Average length of service of employees (years)	7.5	*not available*

The average length of service of employees worldwide is 7.5 years.

Combating discrimination and promoting diversity

As set out in its Code of Ethics, Wendel strives to promote diversity within the Company and sees it as a major benefit which contributes to the Group's excellence.

Wendel takes steps to ensure that decisions regarding recruitment, career development (training and job promotions) and compensation are made without discrimination. Only the skills and experience of candidates is taken into account.

Gender equality

Wendel aims to offer women a welcoming and stimulating working environment. To meet this objective Wendel has introduced a number of initiatives;

In particular, Wendel requires women to be equally represented in the applicant pool during each recruitment process.

In equivalent positions, there is no difference in pay for men and women.

Wendel offers flexible working and benefits for parents in order to promote work-life balance as described above.

Wendel is aware that gender equality requires a collective effort in particular in the area of investment and as such is a signatory to France Invest's *Charte de la parité femme-hommes* (Gender Equality charter), published on March 6, 2020.

As such, women are represented in the total headcount, in management positions, as well as in investment positions and on governance bodies.

	2019			2018		
	France	International	Group	France	International	Group
Women in the total workforce(1)	56%	47%	52%	52%	44%	49%
Women in employee manager roles(1)	56%	N/A	N/A	54%	N/A	N/A
Female Investors(2)	22%	20%	21%	25%	22%	23%
Women in management positions(3)	50%	25%	39%	N/A	N/A	N/A
Women on the Investment and Management Committees(4)	Investment Committee: 22% Management Committee: 43%			Investment Committee: 15% Management Committee: 29%		
Women on the Supervisory Board			45%			45%
Women as a percentage of new hires(5)	50%	100%	69%	43%	67%	N/A

(1) France scope: permanent contract workforce in France without the three management-level male expatriates/International scope: employees with a permanent international employment contract including three management-level male expatriates (employment contract in France suspended).
(2) Women employees within the investment teams, excluding assistants and office managers.
(3) Line manager of at least 1 employee (excluding the Chairman of the Executive Board).
(4) Including the Chairman of the Executive Board.
(5) Excluding internal mobility.

According to the Le Point rankings on the SBF 120 companies where women are the most represented, Wendel ranks joint second with 42.9% of senior management positions held by women. According to the Ethics & Boards rankings, Wendel ranks 13th in terms of the representation of women with a score of 73.79 (out of 100).

The proportion of women on Wendel's Supervisory Board is higher than the average of its peers (according to a study of 28 listed European management companies conducted by HSBC Bank and published on February 1, 2019), and Wendel exceeded the 40% regulatory threshold (Coppé-Zimmerman Act) before the introduction of the regulatory obligation.

Under the French "Freedom to Choose a Career" law *(loi pour la liberté de choisir son avenir professionnel)* enacted on September 5, 2018, Wendel is required to publish the indicator of the Gender Equality Index. Wendel obtained a score of 47/100. All of Wendel's workforce in France falls under the scope of the index.

It is important to highlight that Wendel is committed to a process for implementing the principle of equal pay through a job-based approach which is not covered by the index methodology.

In order to promote the principle of gender equality, Wendel is committed to promoting an equal number of men and women ever year.

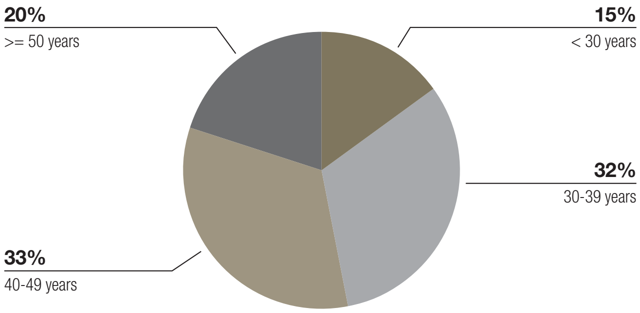
Disability

Wendel employs two people with a disability in France and enters into supply contracts with work assistance institutions.

The mandatory contribution paid to AGEFIPH, an organization that promotes the employment of people with disabilities, was ca. €2.9 thousand in 2019.

Youth and senior employment

Breakdown of permanent employees by age group:



- New hires under the age of 30: 4 under-30-year-olds hired worldwide.
- New hires over the age of 50: no over-50-year-olds hired.

Remuneration

Wendel's compensation policy aims to align the interests of employees with those of shareholders, whether through variable pay, collective performance bonuses (in France) or employee shareholding.

Each year, Wendel carefully reviews the compensation paid to its employees, taking into account their responsibilities, skills, experience and market pay levels. Variable compensation is awarded based on individual and collective performance.

For France, total compensation in cash (base salary, variable pay and individual job-related bonuses) paid in respect of 2019 was approximately €17.2 million. This figure is higher than in 2018.

Wendel has also had a collective performance bonus in place since 2006. The performance criteria established in 2018 were met for the 2019 fiscal year. As such a performance bonus will be paid in 2020 in respect of 2019.

Lastly, Wendel offers very comprehensive death & disability insurance to its employees and their families, financed largely by the Company.

In France, Wendel decided to award a one-off, tax-free "purchasing power bonus" to employees who qualify under the law. The terms and conditions of the bonus were made formal on January 30, 2019 *via* a legal mechanism known as a *Décision unilatérale de l'employeur* (DUE). The bonus was paid to the ten employees concerned in February 2019.

Promoting employee shareholding

Wendel believes that employee share ownership is essential for establishing a long-term partnership with employees and has always encouraged it, whether through the Group Savings Plan that has been in place for more than 30 years or grants of performance shares and/or stock options, which most employees have received since 2007:

- **100%** of employees eligible for the Group savings plan (PEG) subscribed to it at the time of the capital increase;
- **94%** of employees present in the workforce at 12/31/2019 were allocated stock options and/or preference shares.

Grant of stock options and performance shares

In addition to the two Executive Board members, 88 employees in France and abroad received stock options and/or performance shares by virtue of the authorization granted at the Shareholders' Meeting of May 16, 2019 and the Executive Board's decision on July 8, 2019.

Attached to these grants are a service condition and a performance condition.

A history of stock-option and performance share plans is provided in Tables 8 and 9 of section 2.1.7.

The following table indicates, for the period from January 1 to December 31, 2019:

- the total number of options granted to the ten employees (excluding Executive Board members), who individually were granted the largest numbers of options;
- the total number of options exercised by the ten employees (excluding Executive Board members), who individually exercised the largest numbers of options.

	Total number of options	Strike priceweighted average
Options granted during the year to the ten Group employees who were granted the largest number of options	66,500	€119.72
Options exercised during the year by the ten employees who exercised the most options	32,397	€66.00(1)

(1) In 2019, these options were exercised at a price of €22.58 (W 2-1 plan), €80.91 (W 4 plan), €54.93 (W 5 plan), €82.90 (W 6 plan), €112.39 (W 8 plan) and €94.38 (W 9 plan).

Employees were awarded performance shares through two different plans. The total number of performance shares awarded during the year to the ten Group employees (excluding Executive Board members), who received the largest number of such shares, was 48,800.

Capital increases through the Group savings plan

For more than 30 years, Wendel has invited employees to subscribe each year to a capital increase through the Group savings plan. In 2019, shares were offered at a 30% discount and employee payments can be matched up to legal limits.

As at December 31, 2019, excluding Executive Board members, former and current employees held 0.65% of the capital of Wendel *via* the Group Savings Plan.

In June 2019, the Executive Board decided to carry out a capital increase. All eligible employees subscribed and were allocated a total of 21,055 shares.

Offering additional pension benefits

"Perco" pension plan

In 2010, a Company pension plan "Perco" was introduced for employees in France. The Company matches certain contributions up to the legal limit.

On December 31, 2019, 40.67% of the employees present had already invested in Perco, compared with 34.5% at the same date of the previous year.

Supplementary pension plan

In 1947, the Company "Les Petits-Fils de François de Wendel" (now Wendel SE) set up a supplementary pension plan for all employees, regardless of their category, provided they retire while employed by the Company. This plan was closed on December 31, 1998. The supplementary pension plan guarantees each employee beneficiary an overall level of retirement income. This income is expressed as a percentage of end-of-career compensation (fixed + variable excl. extraordinary amounts). It increases in relation to the employee's age and length of service up to a maximum of 65% of this compensation. The pension plan provides for a payout of 60% to a surviving spouse on the date of the employee's retirement, and includes supplements for dependent children.

Benefits financed by the Group under this supplementary plan are calculated by deducting the total amount of pensions financed by Wendel while the employee served in the Group from the guaranteed amount. Since 2005, the Company has transferred the assets necessary to service pension benefits to an insurance company, which makes payments to the beneficiaries.

As at December 31, 2019, there were 36 retirees and six employees of the Company who benefited from the plan.

Promotion and respect of the ILO fundamental conventions and Human Rights

Wendel manages its human resources in accordance with the International Labor Organization's (ILO) fundamental conventions.

France has ratified the eight fundamental ILO conventions on forced labor, the freedom of association and protection of the right to organize, the right to organize and collective bargaining, equal pay, the abolition of forced labor, discrimination, the minimum age for admission to employment and all forms of child labor.

Wendel does not operate in a business segment with a high risk of violation of workers' rights, and therefore is not facing the issue of respecting these conventions.

Covid-19 measures

Information provided voluntarily beyond the scope of EFPD reporting

This Universal Registration Document relates to Wendel's 2019 fiscal year. However, due to the exceptional context, Wendel wished to provide an update on the potential impact of the Covid-19 pandemic on the business of Wendel SE and its portfolio companies on the basis of information that could be analyzed at the time of publication of the Universal Registration Document (finalized in remote working conditions) and in a rapidly changing situation.

Faced with the spread of the Covid-19 pandemic, the Wendel Group is strictly following the governmental guidelines in the countries in which it works. The health of employees and their families is the top priority. The Executive Board took the decision to close all of the Group's offices on March 16, 2020. All steps have been taken to enable employees to work remotely in optimal conditions (equipment, IT hotline etc.) in order to maintain operations while promoting well-being for all.

A Covid-19 unit has been set up to answer employees' questions and provide teams with information on specific measures such as telemedicine consultations, psychological support, childcare in the event of illness, etc. The purpose of this unit is also to promote interaction between employees and anticipate any specific support that may be given to teams.

The Wendel Executive Board holds a daily briefing with deputy CEOs, the General Secretariat, the Human Resources Department and the Sustainable Development and Communication Department, with other departments attending as needed. All managers have been asked to adapt their management practices to combat the effects of isolation and maintain a positive working environment, including through daily meetings by video conference.

The deployment of the training plan has been ramped up with the introduction of an online training service for all employees. Internal workshops and events are regularly offered to promote employee well-being.

Wendel's investment team is working with portfolio companies to monitor their respective situations and, whenever possible, to support them through this unprecedented crisis. Chapter 2 gives an update on the impact of the Covid-19 crisis on all subsidiaries and associates. Chapter 10 also includes additional information on the impact of the pandemic.

Corporate teams are deeply involved to ensure Wendel's operational continuity.

Wendel hopes that everyone will get through this unprecedented situation in the best conditions and is committed to taking all necessary action to ensure a return to normal conditions.

4.2.4.3 Independence of governance bodies and control mechanisms

NFS

Risk description

Wendel is managed by an Executive and Supervisory Board and has a main shareholder, Wendel-Participations SE, which held, as at 12/31/2019, 38.73% of Wendel's capital and 51.01% of the theoretical voting rights. Wendel's Supervisory Board comprises 6 non-independent members associated with the Wendel family, 5 independent members and an employee representative.

Policies and results

The division of powers between the Executive and Supervisory Boards is described in section 2.1.5 of the Universal Registration Document. Section 2.1.2 describes the composition of the Supervisory Board and its operating procedures, including the assessment of the independence of its members. The Corporate governance statement is included section 2.1.3.

Internal control

Risk description

Wendel must ensure the effectiveness of the internal control of its own organization and that of its consolidated subsidiaries, in order to control risks relating to their operational activities.

Policies and results

For internal control procedures, refer to chapter 2 (see section 2.3 "Risk management and internal control system").

4.2.4.4 Risks related to business ethics

NFS

Risk description

In terms of business ethics, Wendel has identified the following as main risks based on EFPD definitions:

- combating corruption;
- preventing market abuse.

Nevertheless, other risks arising from business ethics are taken into account by Wendel and referred to in section "4.2.5. Compliance program".

Anti-Bribery and Anti-Corruption

Risk description

The risk mapping produced for Wendel (namely Wendel SE, its holding companies and foreign offices) showed that the risk of corruption could arise from some of its activities, particularly its investment arm. For example, this risk could arise in the case of a transaction to influence the outcome of a competitive process to acquire or dispose of a company to obtain specific authorizations or confidential information.

Corruption distorts competition and normal market conditions. Should it occur, it would be highly damaging to Wendel's reputation and those responsible or who allow it to occur. It would expose Wendel to particularly damaging financial consequences as well as administrative and criminal sanctions. It could disrupt the Wendel Group's operations and destabilize its activities.

Policies and results

At the Wendel level

The Executive Board has identified the prevention and detection of acts of corruption as a priority for the Wendel Group and is committed to a policy of zero tolerance towards any risk of corruption. Any use of corrupt practices in the Wendel Group's operations, as well as in its relations with partners or third parties, whether public or private, is strictly prohibited.

To prevent this risk, the Executive Board has implemented a robust program to combat corruption and influence-peddling. Moreover, in 2019, Wendel hired a Head of Compliance who joined the Company in May and a number of initiatives were put in place to enhance the measures introduced under the Sapin 2 law as set out below.

Wendel's corruption prevention policy, initially drawn up in February 2016 and updated in May 2017 as a result of the *Sapin 2* law, was completely overhauled and circulated in April 2019 in order to comply with the recommendations of the French Anti-Corruption Agency and to tailor it to the specific risks associated with Wendel's activities, as identified through the risk-mapping process. Moreover, this policy has been incorporated in the "Employees Handbook" and failure of Wendel employees to comply with its obligations may result in disciplinary sanctions up to and including dismissal for misconduct.

An Anti-Corruption Compliance charter aimed at defining the role and responsibilities of Wendel's compliance function was formalized and circulated to Wendel employees in May 2019. This Charter is also accessible to all on Wendel's intranet.

A monitoring and auditing plan specific to *Sapin 2* has been devised and put in place; moreover, a tool dedicated to compliance and internal control – Wendel Protect – is currently being rolled out to streamline and optimize the compliance processes and improve monitoring.

Moreover, processes specific to gifts and Entertainments and conflicts of Interest have been defined and are described in the anti-corruption policy. In practice, this takes the form of the implementation of a system for declaring and approving gifts/Entertainments and conflicts of interest through the use of IT tools (particularly Wendel Protect) so as to improve traceability.

As for the whistle-blowing system, the relevant policy was circulated to all employees in April 2019 in order to ensure that everyone is aware of it and understands how to use it and submit a report in the system. This policy is also available on Wendel's website under "ESG", at www.wendelgroup.com. In 2019, no reports were received through the whistle-blowing system.

Moreover, Wendel conducts an annual review of corruption risk-mapping which was updated at the end of 2019. The results and associated action plan were presented to Wendel's Executive Board and Audit Committee in early 2020.

A classroom-based training course on this subject was organized in September 2019 for the employees who are most likely to be exposed to corruption risk. In addition to this training, any new arrival must take a compulsory online anti-corruption training course.

In early 2019, Wendel also rolled out a third-party assessment process which includes various levels of due diligence towards its counterparties according to their exposure to risk and enhanced accounting controls were put in place in certain categories (particularly gifts and donations).

In terms of its investment arm, Wendel has introduced enhanced anti-corruption checks prior to any transaction.

Finally, all of these measures were assessed by Wendel's Internal Audit in March 2019 and the results were shared with Wendel's Audit Committee. This assessment process will be repeated in 2020.

Controlled companies in the portfolio

Wendel also ensures the implementation of the measures prescribed by the *Sapin 2* law within the controlled companies in its portfolio. Wendel requires the Sapin 2 program to be regularly on the agenda of the Audit Committees of companies within the portfolio and holds regular meetings on this topic with the Compliance Heads of portfolio companies in order to offer them guidance and discuss specific points.

At the end of 2018, with the help of an external consultant, a preliminary evaluation of the implementation of the regulatory requirements was conducted. The external consultant reviewed the eight measures prescribed by the *Sapin 2* law in each of the portfolio companies. Moreover, at Wendel's request, at the end of 2019 companies also carried out a self-assessment of the main outcomes from changes to their Sapin 2 measures compared with the previous year.

Moreover, each year the companies sign a Statement of Compliance in respect of the obligations regarding corruption under the *Sapin 2* law.

Preventing market abuse

Risk description

Given its activity as an investor and its status as a listed company, Wendel may possess inside information. It should be noted that inside information is classed as such if it is information of a precise nature, which has not been made public, relating directly or indirectly to the companies within the Wendel Group or their securities and which could have a significant impact on the price of the securities in question (see Article 7 of Regulation (EU) 596/2014 of the European Parliament and the Council of April 16, 2014 on market abuse – MAR). Under this framework, Wendel has a duty to prevent any market abuse.

Policies and results

Wendel strives to communicate information that is accurate, precise and fairly presented to investors, shareholders and analysts; it also upholds the principle of equal information.

A Market Confidentiality and Ethics Code sets out rules for all Wendel employees and corporate officers to prevent market abuse. The main rules introduced by this Charter are presented in section 2.1.7 of this Universal Registration Document. The charter is regularly reviewed and updated. The main provisions applying to Supervisory Board members have been incorporated into the Supervisory Board's rules of procedure.

Wendel is in compliance with European Regulation 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse ("MAR") and opens insider lists whenever necessary and has established blackout periods during which it is prohibited to trade in Wendel shares in order to prevent any breach. A Compliance Committee – made up of the Executive Board, the Ethics Officer and the Chief Financial Officer – oversees compliance with market regulations at Wendel.

Moreover, a procedure for classifying inside information has been put in place

4.2.5 Compliance program

Wendel pays particular attention to the implementation of its compliance program in a constantly changing regulatory environment. Wendel intends to act ethically in all its activities. To this end, compliance processes have been defined to ensure that all managers and employees comply not only with legislative and regulatory standards, but also with the Group's values and commitments in terms of integrity and business ethics.

The implementation of a strict compliance program is also likely to boost Wendel's reputation, thus benefiting all its stakeholders while respecting its long-term commitments.

As regards applicable regulations, the most important regulatory issues with regard to Wendel's business segment and within the meaning of the EFPD are the prevention of acts of corruption and the fight against influence peddling, as well as the prevention of market abuse (see section "4.2.4.4 Risks related to business ethics").

To promote an overall understanding of the compliance mechanisms, below is a description of the compliance program adopted by Wendel at the initiative of the Executive Board, excluding the topics that have already been presented in section "4.2.4.4 Risks related to business ethics" (*i.e.* the fight against corruption and the prevention of market abuse):

- a Code of Ethics;
- a policy to prevent corruption and influence peddling (see section "4.2.4.4");
- a Market Confidentiality and Ethics charter;
- a policy to comply with international sanctions programs;
- an anti-money laundering policy;
- a whistle-blowing system and;
- a control Framework for personal data protection (GDPR).

Code of Ethics

The Code of Ethics, embodies the values of the Company's employees and constitutes the reference framework within which Wendel's long-term investment business is conducted. It applies to all employees and executives of the Company, its holding companies and at all locations. Wendel requests that the companies in which it invests adopt similar standards. Wendel's Code of Ethics can be viewed under the heading "ESG" on its website: www.wendelgroup.com. This Code is currently being revised and will be updated in 2020.

Protection of confidential information

In the context of its activity as a long-term investor, Wendel handles a large amount of confidential information concerning portfolio companies or potential targets. Confidential information is defined as any non-public information covered by trade secrecy, the disclosure and/or use of which is likely to harm Wendel.

A Market Confidentiality and Ethics Code establish rules for all Wendel employees and corporate officers to prevent market abuse. The main obligations contained in this Code are described in section 2.1.7 of this Universal Registration Document.

Compliance with economic sanctions

In February 2017, Wendel established its policy concerning international sanctions. Wendel ensures that neither its holding companies nor its foreign offices engage in business activity prohibited by the regulations on sanctions and embargoes or enter into contact with natural or legal persons on sanctions lists; background checks are carried out whenever necessary.

Anti-money laundering

Wendel established its anti-money laundering policy, applicable to Wendel SE, its holding companies and its foreign offices in October 2017.

In addition, within the framework of the AIFM regulations to which the Luxembourg fund manager (Winvest Conseil S.A.) and its subsidiaries are subject, a specific policy has been put in place.

To ensure compliance with its anti-money laundering and countering financing of terrorism (AML-CFT) policy, all employees of Winvest Conseil S.A. and its subsidiaries undergo an annual course on the subject. The course is overseen by the AIFM's Head of Compliance.

The AIFM's Management Board regularly conducts a compliance assessment which also covers AML/CFT.

Winvest Conseil S.A. determines the extent of the reasonable due diligence to be carried out depending on the risk level allocated to each investor or investment.

Tax policy

The primary objective of Wendel's tax policy is to ensure legal certainty and sustainability in the long term. Wendel considers that aggressive and artificial planning create long-term financial and reputational risks that are contrary to its interests and values. Wendel is committed not to use structures domiciled in countries considered to be tax havens[1] in order to reduce the amount of taxes due.

(1) As listed in the French ministerial decision of January 7, 2020 on non cooperative States and territories

Wendel also ensures that its activities comply with applicable tax laws and regulations. In particular, Wendel ensures that its operations do not lead to situations that could be qualified as tax evasion[1] and that intragroup transactions comply with the arm's-length principle of OECD transfer pricing guidelines.

Wendel ensures compliance with tax filing and payment obligations in the jurisdictions in which it operates.

Wendel is committed to exchange information with the tax authorities in a cooperative and transparent manner, in particular during tax audits.

Wendel participates, mainly through professional organizations, in consultations initiated by legislators or national and international governmental organizations aimed at improving tax certainty and encouraging sustainable growth.

Each year, Wendel SE files a Country by Country reporting with the French tax authorities on behalf of Wendel-Participations. This report is then shared via an automatic exchange mechanism with the tax authorities of all foreign countries in which the Company or its subsidiaries operate.

The management of uncertain tax positions is fully integrated In the Group's global risk management process. As part of this process, the Tax director regularly reports to the Audit Committee and the Management Committee on the Group's global tax position, any risks or tax disputes and the main changes anticipated.

Whistle-blowing procedure

A whistle-blowing system was set up in June 2017 and updated in the first quarter of 2019. Beyond corruption, this whistle-blowing system covers the following areas: financial and accounting, stock market ethics, anti-competitive practices, health, hygiene and safety at work, the fight against discrimination and harassment at work, environmental protection, human rights and fundamental freedoms.

A whistle-blowing service is also available for third parties working with Wendel. The terms and conditions of access are defined in the alert procedure available on Wendel's website, in the "ESG" section, at www.wendelgroup.com.

Personal data protection

Wendel takes privacy and the protection of personal data very seriously. For this reason, Wendel undertakes to implement adequate measures to ensure the protection, confidentiality and security of personal data and to process and use such data in compliance with applicable provisions and in particular with European Regulation 2016/679 of April 27, 2016 (hereinafter the "General Data Protection Regulation" or "GDPR") and any applicable local laws on the subject. A Personal Data Protection Policy is available on the Wendel website. The purpose of this Policy is to present the measures taken with respect to all processing of personal data carried out by Wendel with respect to the various categories of persons whose data are collected and processed by Wendel (*e.g.*, website visitors, suppliers, service providers, shareholders, co-investors, managers of companies in which Wendel is considering acquiring a stake).

In April 2019, Wendel also defined a GDPR charter describing a certain number of obligations and procedures applying to the Executive Board as well as to all Wendel employees who, in the course of their activities, are involved in the processing of personal data.

Distribution to employees

The policies of the Compliance program have been disseminated among all Wendel employees, its holding companies, and its international offices.

Wendel employees must periodically sign all documents related to compliance within the Company.

(1) Within the meaning of article 20 of the French law of October 23, 2018 against tax evasion.

4.2.6 Assessment of Wendel's carbon footprint (excluding subsidiaries)

As part of its ESG strategy, to set an example, Wendel has assessed for the first time the carbon footprint of its offices and operations (excluding subsidiaries) for the year 2019. A plan to reduce CO_2-eq emissions with offsetting measures will be implemented following this review.

Wendel's carbon footprint resides primarily in the activities of its subsidiaries, and this aspect is an integral part of the ESG monitoring of the portfolio companies. Wendel recognizes the urgent need for action to combat global warming, which is everyone's responsibility.

Calculated emissions cover Wendel's offices in France and abroad (Paris, Luxembourg, London, Casablanca, New York, Singapore) over a 12-month period (calendar, rolling or estimated). The emission factors come from the Ademe Carbon Base.

The calculation methodology and reporting format follows the GHG Protocol.

Emissions categories	2019 value (in t CO_2-eq)
Scope 1+2	192
Scope 3	3,039

Scope 1+2 includes emissions related to energy consumption, refrigerant leaks and fuel consumption. The coverage rate for scope 1+2 is 77% to 86% for energy consumption (the most significant item in scope 1+2), 67% for refrigerant leaks and 44% for fuel consumption.

Scope 3 includes emissions related to the purchase of products and services, business travel, visitor travel, employee commuting and waste generation. The main scope 3 emission items (business travel by plane and train, visitor travel, home-to-work travel, purchase of services) have a 100% coverage rate. The other scope 3 emissions items have a coverage rate of between 56% and 100%.

This exercise made it possible to identify the most important emission items and to implement reduction actions. The two most significant emission items are business travel and purchases of services.

Some actions with an impact on carbon emissions have already been implemented in 2019:

- the remote work tools implemented in 2018 make it possible to limit the number of trips between offices (France and International);
- the train is favored for Paris-London journeys, compared to air travel, which reduces the carbon impact of these journeys. It was decided to promote videoconferencing whenever possible;
- from July 2019, plastic bottles were replaced by glass bottles in the Paris office meeting rooms and water fountains, and reusable water bottles were distributed to employees to limit plastic waste;
- a survey of visitor travel was conducted over 2 months at the Paris headquarters to raise awareness of the issue and assess their carbon impact.

In 2020, Wendel aims to increase the share of energy from renewable sources (100% renewable electricity contract in Paris since April 2020).

4.2.7 Commitments in civil society

Over the course of its history, Wendel has distinguished itself by a strong commitment to civil society. Today, this commitment is reflected in its sponsorship policy.

Long-term commitments

Wendel has supported Insead since 1996. In that year, the prestigious business school created a chair and then a center for family-owned businesses and Wendel has been a partner in this initiative from the start.

Wendel has been committed to the Centre Pompidou-Metz since its creation in 2010, because it wanted to support this emblematic institution that makes art available to the general public. In 2016, Wendel renewed its support of Centre Pompidou-Metz for five more years.

Wendel works actively with partner institutions to further their development projects. The Group is represented on the Centre Pompidou-Metz Board of Directors by Nicolas ver Hulst, Chairman of Wendel's Supervisory Board.

In recognition of its long-standing commitment to the arts, Wendel was awarded the title of Grand Mécène de la Culture ("Grand patron of the arts") by the French Minister of Culture on March 23, 2012.

Commitments in 2019

In 2018, Wendel completed its sponsorship program with the creation of a Philanthropy Committee to support solidarity projects. Wendel employees had the opportunity to present projects that were analyzed and appraised by the Philanthropy Committee. Since then, Wendel has supported several associations, including La maison des enfants d'Awa, Les Restaurants du Cœur, Casamasanté, iMentor, Cycle for Survival, Clubhouse France, the Fondation de la Maison de la Gendarmerie, and the PlanVue program of Helen Keller International, which Wendel has supported since 2017.

In addition, in 2019, the Wendel Running Team took part in several races, including *La Parisienne* and Run my City.

Also, Wendel has contributed alongside Afep members to the effort to rebuild *Notre Dame de Paris*.

In total during 2019, Wendel's philanthropic expenditure amounted to €620,000.

Stakeholder relations

In the course of its business, Wendel interacts regularly with its principal stakeholders:

- Wendel regularly communicates with its principal shareholder, Wendel-Participations, and makes presentations to its governing bodies;
- Wendel maintains an ongoing dialogue with its individual shareholders:

Wendel's Shareholders Advisory Committee was created in 2009, and it met three times in 2019. Composed of nine members, the committee's role is to obtain feedback from individual shareholders on the media used to communicate with them: letters to shareholders, the website, social media, and the management report. This year the CCAW (Wendel's Shareholders Advisory Committee) was also asked about Wendel's new approach to ESG;

- Wendel keeps the financial community (analysts, institutional investors and individual shareholders) regularly informed of its earnings, business activities and strategy. In 2019, Wendel met with nearly 260 equity and bond investors during roadshows (in France, the United Kingdom, the United States, Canada, Germany, Luxembourg and Switzerland) and meetings at its headquarters.

Lobbying activities

Wendel does not use any lobbying agencies.

Trade associations

- As a listed company, Wendel contributes to marketplace discussion by participating in the work of all the major professional and financial market organizations of which it is a member: Afep, Ansa, Medef, France Invest, Paris Europlace, etc. In 2019, the amount of professional contributions amounted to ~€110,000.

Think tank

- Wendel is a partner of: Institut Montaigne, World Economic forum.

4.3 Wendel's subsidiaries reviewed by an independent third-party body

4.3.1 Bureau Veritas

Bureau Veritas, as a listed company, is subject to regulations governing the extra-financial performance declaration and the duty of care that are published in its own Universal Registration Document (URD). A summary of the CSR commitment of Bureau Veritas is published below.

As a Business to Business to Society service company, the role of the group is to establish a relationship of trust between companies, public authorities and consumers.

Promoting trust

Bureau Veritas' mission is to reduce its clients' risks, improve their performance and help them innovate to meet the challenges of quality, health and safety, environmental protection and social responsibility.

Since its foundation in 1828, the Bureau Veritas brand has been synonymous with integrity, and represents an invaluable asset in an industry based on trust. Today, the group continues to work to improve trust between businesses, consumers and public authorities.

A "Business to Business to Society" services company

The group is capitalizing on its extensive experience to better serve society's aspirations.

Driven by society, Bureau Veritas acknowledges the challenges of growing urbanization, anticipating the need for safer, smarter cities. The group anticipates the expectations of an expanding global population, including the need for safe and reliable agricultural production. Bureau Veritas understands the impact of climate change, working to ensure people worldwide have access to cleaner energy while supporting its clients in the efficient management or conversion of their existing assets. The group embraces digitalization while mitigating the risks it brings.

Bureau Veritas is entering a new era

Driven by society, the group is working ever more closely with its clients, addressing today's crucial challenges and answering society's aspirations.

Since its inception, Bureau Veritas has always supported its clients in mitigating risks through its expertise in quality, health and safety, and environmental fields, as well as in data protection and technological progress.

As an independent party, Bureau Veritas helps to build trust between governments, companies and citizens, who represent the important stakeholders of the society.

Complex and interlinked forces are transforming economies, shaped by growing urbanization, booming demographics, the shift towards greener energy, a digital transformation through artificial intelligence, data fusion and machine learning, to name but a few.

The group sees that this shift in the playing field is profoundly reshaping the face of Bureau Veritas and the way it addresses its clients' needs and helps them meet their challenges. Bureau Veritas is entering a new phase of its development, with the ultimate goal of meeting society's deepest aspirations while addressing its clients' existing and future challenges. Leveraging their expertise and experience, Bureau Veritas employees around the world represent the group's most important asset ingenerating value for its clients.

The group's employees are proud to see how each day, their work has a positive impact on the lives of millions of people around the world. Bureau Veritas' success belongs to them.

Bureau Veritas' social and environmental commitments

Bureau Veritas' commitment to Corporate Social Responsibility (CSR) issues reflects its wish to play its part in efforts that each company and citizen should make to address society's social and environmental challenges. Besides its compliance with CSR regulations, Bureau Veritas also seeks to meet the needs of its clients, end consumers and all its stakeholders.

Owing to the nature of its services, Bureau Veritas has a direct and indirect impact on CSR issues:

- directly, in each of its businesses, entities, subsidiaries and regions;
- indirectly, Bureau Veritas offers a broad range of services aimed at improving the impact its clients have in terms of health and safety, security, environment and sustainable development.

The group firmly believes that its actions in this respect are helping to prepare for the future in the best interests of its shareholders.

This view is echoed in the commitment to social and environmental issues expressed by the Chairman of Bureau Veritas' Board of Directors and the Group's Chief Executive Officer, as set out below.

Bureau Veritas' social and environmental commitments

Corporate social responsibility (CSR) is a strong commitment of Bureau Veritas. It complements our absolutes and our fundamental values.

CSR is embedded in our purpose and corresponds to our will to act in a responsible and sustainable way.

Our mission and the nature of our services allow us to serve the society by reinforcing safety, improving quality and protecting the environment.

As a leader of our market sector we want to be exemplary. In 2019, five key actions were initiated to accelerate our CSR program. We have:

- updated our fundamental values, making CSR a key priority. It is in our DNA and we want to unite all our employees around it;
- ramped up our efforts to be a more inclusive company and one that promotes equal opportunities, publishing an inclusion policy that applies across all of our organizations;
- maintained our efforts to continue to improve the safety of our staff. We have strengthened the leadership of our managers and the responsibility of each employee;
- launched a project for the biodiversity protection;
- intensified our actions for inclusion and gender diversity;
- maintained our environmental efforts by signing the Climate Pledge alongside over 100 major French companies;
- focused our attention on our suppliers to ensure that they are aligned with our values in terms of ethics, safety, the environment and human rights;
- expanded our service provision to better support our customers in their CSR approach.

Bureau Veritas remains mobilized with each of its employees to continue the improvement of its social and environmental impacts, notably through environmental protection, biodiversity conservation, defense of Human Rights, respect of ethics, improvement of health and safety.

We want Bureau Veritas to remain an exemplary company, responsible and committed towards the Society.

At Bureau Veritas, Corporate Social Responsibility is an integral part of our values. Together, employees, clients and suppliers, let's be committed to our future.

Aldo Cardoso: Chairman of the Board of Directors

Didier Michaud-Daniel: CEO

All of Bureau Veritas' ESG commitments (Environment, Social, Governance) are available in the CSR section of the Bureau Veritas website. To view them, click on the following link: https://group.bureauveritas.com/group/corporate-social-responsibility/statements-policies.

OUR VALUE C

MEGATRENDS

Our approach to social and environmental challenges

GROWTH IN THE GLOBAL ECONOMY AND INTERNATIONAL TRADE, DEMOGRAPHIC GROWTH AND EMERGENCE OF MIDDLE CLASSES:

- Growing demand for safety, security, quality, and standards
- Increasing investment in infrastructure

USE OF MORE COMPLEX TECHNOLOGIES (IOT, AI, ETC.) AND SHORTER PRODUCT LIFE CYCLES:

- Increase in and subcontracting of testing
- Greater oversight of the supply chain and the number of subcontractors to be managed

PROTECTION OF GLOBAL BRANDS INCREASINGLY DIFFICULT:

- Importance of being recognized as a responsible corporate citizen going beyond regulatory requirements
- Proactive worldwide management of CSR and QHSE issues

SPECIALIST PLAYERS MANDATED BY PUBLIC AUTHORITIES TO CONDUCT INSPECTIONS:

- Greater responsiveness to adapt to market imperatives
- Significant reduction in public spending

(1) Cumulative annualized revenue.

(2) Proposed dividend, subject to Shareholders' Meeting approval.

OUR RESOURCES

ECONOMIC CAPITAL

- A long-standing majority shareholder and a widely-held free float
- A robust, balanced financial model underpinned by a long-term vision
- **€1,322 million** in equity

HUMAN CAPITAL

- **Over 78,000** employees
- Qualified, highly-trained personnel in a supportive environment
- An inclusive culture: **20%** of executive-level managers are women; more than 66% of employees are Generation Y
- An entrepreneurial culture
- A global network of subcontractors

INDUSTRIAL CAPITAL

- A network spanning almost **140 countries**
- **More than 1,500** offices and laboratories

INTELLECTUAL CAPITAL

- A strong brand with a **190-year** track record
- **3,500** accreditations, approvals and authorizations
- Numerous alliances and partnerships with leading players
- Group-wide digital transformation

SOCIETAL AND ENVIRONMENTAL CAPITAL

- Structured growth based on sustainable practices
- An idea of shared value creation at the heart of the growth strategy
- "Lean" management to develop a culture of ongoing performance improvement and a reduced carbon footprint
- Specific services to help businesses improve their CSR commitments

OUR PURPOSE

- Since it was founded in 1828, the Bureau Veritas brand has been synonymous with integrity, and represents an invaluable asset in a trust-based industry.

Our VISION

- A "Business to Business to Society" service company which aims to build a relationship of trust between businesses, public authorities and clients.

OUR SERVICES

Verification of conformity with regulations or self-imposed standards
(assets, products, systems)

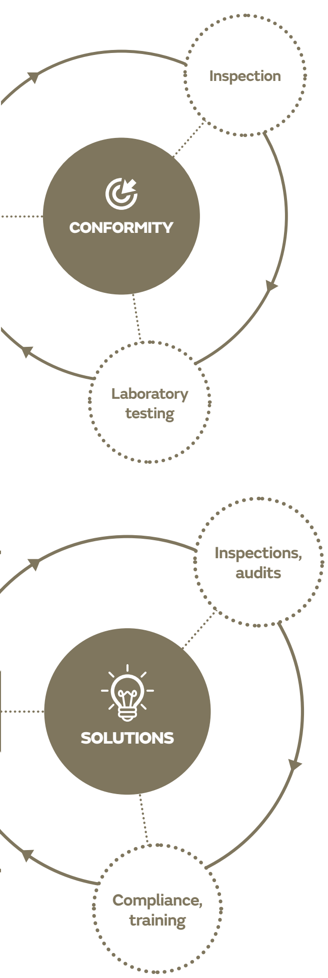
Reference frameworks: international standards (e.g., ISO), regulations, self-imposed standards prepared with clients.

Technical assistance and regulatory support services
(assets, products, systems)

E CREATION MODEL

Our MISSION

- To reduce our clients' risks, improve their performance and help them innovate to meet the challenges of quality, health, safety, environmental protection and social responsibility.



OUR ACHIEVEMENTS AND RESULTS

ECONOMIC CAPITAL

- **4.3%** organic growth
- **€46 million** in acquisitions(1)
- **€0.56** dividend per share(2)

HUMAN CAPITAL

- Bureau Veritas ranked as a diversity leader by the *Financial Times*
- **19 training hours** given per employee
- **14,954** hires under permanent (or similar) contracts
- Total accident rate down **51%** since 2014
- **100%** of employees trained in ethical issues under the Compliance Program

INDUSTRIAL CAPITAL

- New sites opened, especially laboratories in the Asia Pacific region and the Americas

INTELLECTUAL CAPITAL

- Significant capacity for innovation with the launch of new services and global solutions
- Global deployment of digital solutions (3D, IoT, robotics, IA, e-commerce)
- Worldwide partnerships with leading technology players

SOCIETAL AND ENVIRONMENTAL CAPITAL

- Contributing to a safer, more trusting world
- **76%** of activities ISO 14001 certified
- Signatory of Act4Nature commitments to protecting biodoversity
- Ecovadis "Gold" rating for environmental practices
- **DJSI score of 75/100**, compared with the industry average of 38/100
- **"B" rating** from the CDP, above the industry average (B-)
- **€434 million** in payroll charges
- Consolidated adjusted effective tax rate of **33.1%**

VALUE CREATED FOR OUR CLIENTS

- **Improving risk management**
  - Managing QHSE risks
  - Managing reputation risks
- **Facilitating trade**
  - Compliance with national and international standards and regulations
  - Verification of quantity and quality of goods traded
- **Enhancing performance**
  - Operating, business, social and environmental performance
  - Improving product and service quality
  - Verifying implementation of commitments (sustainability, emissions reduction, etc.)

SHARING THE VALUE CREATED WITH OUR STAKEHOLDERS

€5.1 bn in 2019 revenue

€1.4 bn due to suppliers (purchases of goods and services) and subcontractors (engagements)

€2.1 bn in wages, salaries and bonuses due to employees

€257 m in taxes

€262 m due to shareholders (dividends)

Acquisition-related expenses

€99 m in acquisitions to drive our organic growth going forward

4.3.2 Constantia Flexibles

4.3.2.1 Business model

Founded by Herbert Turnauer in the 1960s, the Constantia Flexibles group headquartered in Vienna produces flexible packaging, primarily for the agri-food and pharmaceutical industries in two divisions: Consumer and Pharma. The Wendel Group is majority shareholder of Constantia Flexibles, with a ~61% equity holding. Other shareholders are the Arepo Foundation, with a ~27% holding, and Maxburg Capital Partners, with ~11%.

Constantia Flexibles is the world's third largest producer of flexible packaging, with sales of roughly €1.5 billion in 2019, where the group generated 64% of the total turnover in Europe, 17% in America, 12% in the Middle East, Africa, Australia and 7% in Asia. Based on the guiding principle of "People, Passion, Packaging", some 8,350 employees located in 22 countries – including Headquarters and other offices – manufacture tailor-made packaging solutions at 36 productions sites in 16 countries. Moreover, Constantia Flexibles has successfully developed its activity outside Europe and, over the last years, has become a global leader in flexible packaging. Constantia Flexibles´ sustainable and innovative products with their focus on preservation, promotion and protection attract and convince global players and local market leaders of the food- and pharma-industries the same way.

The product variety manufactured at Constantia Flexibles' operating locations is based on aluminum- and plastic-foils, for which patents are registered. For die-cut lids for dairy products, flexible packaging of confectionery products and deep-drawn aluminum-containers for food and pet food this company holds the global position as market-leader. Moreover, Constantia Flexibles is also a global leader for blister- and coldform-foils supplied to the pharma-industry.

Constantia Flexibles fulfils its vision set as:

"We envision a world in which packaging provides people with the highest benefit at the lowest impact on the environment."

Integrating Corporate Social Responsibility (CSR) commitments in respect for the environment into its business activities, Constantia Flexibles pays particular attention to continual improvements in the consumption of raw materials, which are essentially aluminum, plastics, paper, and chemicals like inks and solvents. Already in 2018, Constantia Flexibles pledged that 100% of its packaging solutions will be recyclable by 2025 and has set an absolute Greenhouse Gas (GHG) emission reduction target in accordance with climate science. Accordingly Constantia Flexibles uses appropriate procedures to monitor the possible impact of its products on the environment, in particular by performing life cycle assessments.

The opening of a newly built production facility in India, 100% dedicated to produce the sustainable and recyclable product-family "EcoLam", which is based on monopolymer laminates from Polyethylene (PE), bookmarks in particular one of the milestones of Constantia Flexibles´ way of business to grow by following the vision and mission and in particular its commitment to produce 100% recyclable products by 2025.

Constantia Flexibles also places in all their operations health and safety of everybody who works with and for Constantia Flexibles to first priority, and takes proactive measures to achieve its vision of "Zero Loss – No Harm". It is understood, that it is a duty to create and maintain a safe and sustainable work environment as well.

Constantia Flexibles

SHAREHOLDER GOVERNANCE

SHAREHOLDERS : WENDEL (61%), AREPO FOUNDATION (27%), MAXBURG CAPITAL PARTNERS (11%)

SUPERVISORY BOARD

8 members | **25%** of independent | **0** women

2019 REVENUE

€1.5bn

VISION

We envision a world in which packaging provides people with the highest benefit at the lowest impact on the environment.

MISSION

We rethink packaging every day to make a positive, sustainable and meaningful contribution to our customers and the environment.

We are driven by passion and our aspiration for know-how and competence to make people's lives healthier, better and safer.

VALUES

PEOPLE,

PASSION,

PACKAGING

ENVIRONMENTAL PERFORMANCE

TARGETS:

100% of packaging recyclable by 2025

Science Based Target: GHG-emissions reduction (scope 1, 2, 3):
24% by 2030
49% by 2050
(reference year 2015)

2019 PERFORMANCE:

60% of packaging already recyclable

Opening of the first plant in the world designed to produce recyclable flexible packaging only (Ecoflex, Parikh Flexibles in Ahmedabad)

-8% reduction of GHG-emissions (scope 1, 2, 3)

CDP Score: **A** (top 2%)

EcoVadis Score: **Gold Level**

RESOURCES

HUMAN CAPITAL

~8,350 employees in 22 countries,
- 56% Europe
- 26% Asia
- 10% America
- 8% Middle East, Africa & Australia

INTELLECTUAL CAPITAL

68 active patent families, thereof:

PROCUREMENT

Main raw material	Aluminium	Plastic	Chemicals (inks & solvents)	Paper
Share in supplies (per volume purchased)	~33%	~32%	~22%	~8%
Supplier country	Europe , China, Russia, Turkey	Europe, Mexico, Turkey, India	Europe, India Mexico, US	Europe India South Africa

USE OF RESOURCES

Integrated production: Material sourcing, Rolling → Lacquering, Lamination, Extrusion → Printing, Cutting → Finishing, Customer Service

OUTPUT

PRODUCTS

CONSUMER MARKET
- Confectionery foil
- Die-cut lidding
- Alu-container systems

PHARMA MARKET
- Blister lidding foils
- Coldform foils

REVENUE BREAKDOWN

- 7% Asia
- 12% Middle East, Africa, Australia
- 17% America
- 64% Europe

~75% in CONSUMER-Division

~25% in PHARMA-Division

* Source of position: Comparison of turnover of flexible packaging compared to other manufacturers´ annual statements

OPERATIONAL GOVERNANCE

EXECUTIVE BOARD

6 members **17% of women**

- 41 issued (split into Foil: 23, Film: 14, Paper: 1 and 3 general patent-families),
- 27 in registration-status (split into Foil: 11, Film: 7, Paper: 5 and 4 general patent-families).

R&D

2 research centers (Film, Foil)

76 experts

CERTIFICATIONS / MANAGEMENT SYSTEMS

100% of production sites hold a Quality Management certificate (e.g. ISO 9001)

9 production plants **certified on ISO14001**

4 production plants **certified on OHSAS18001 / ISO45001**

Additional certificates like **British Retail Standard** (BRC) or **ISO 15378** as appropriate

PRODUCTION

36 manufacturing sites IN **16** countries

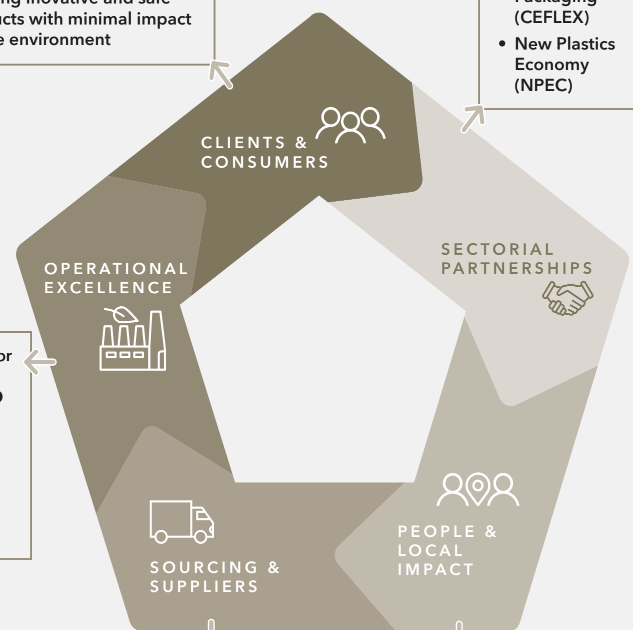
#3 GLOBALLY*

#2 IN EUROPE*

Value creation for External Stakeholders

Offering Inovative and safe products with minimal impact on the environment

- A Circular Economy for Flexible Packaging (CEFLEX)
- New Plastics Economy (NPEC)



- Vision and goal for Health & Safety: **ZERO LOSS – NO HARM**
- Evolution of Lost Time Injury Frequency Rate: -67% from 2015 to 2019

- Aluminium Stewardship Initiative (ASI)
- Forest Stewardship Council (FSC)

- Local initiatives towards communities: START Austria, cooking at VinziRast, donations
- « Stop Fake Drugs » campaign

KEY

Key partners | External resources | Internal resources

4.3.2.2 Highlights 2019

Constantia Flexibles understands the value of initiatives supportive for sustainable improvements of its products and of required manufacturing processes as a great opportunity to accelerate success factors by building up for long-term relationships with key stakeholders while simultaneously achieving milestone by milestone to operational excellence.

Initiatives which go far beyond legal requirements underpin its global commitment to achieve its bold ambition of providing superior solutions of flexible packaging that improve people´s daily lives with respect of society and the environment.

Constantia Flexibles would like to highlight the successful implementation of the following topics, related to the respective area in the field of sustainable development, which were implemented beside other meaningful achievements during 2019:

- Environment:
  - Constantia Flexibles revised its environmental policy to a more comprehensive sustainability policy, including an annex, to clearly outline the company's core values and targets and provide information on how the company works towards its commitments,
  - Constantia Flexibles improved its already strong CDP (Carbon Disclosure Project) climate score even further. Constantia Flexibles as a group was rewarded with a very high CDP Climate Score Rating in 2019 (Score A), placing Constantia Flexibles among the top 2% of evaluated companies. In addition, Constantia Flexibles has been identified as a global leader for engaging with suppliers on climate change, and was therefore featured on the Supplier Engagement Leaderboard by CDP,
  - for the third time in a row, Constantia Flexibles as a group has been awarded the EcoVadis gold medal in recognition of its CSR achievement. This result places Constantia Flexibles among the top 2% of companies assessed by EcoVadis in this industry on their respect of the environment, human rights and labor law, ethics and responsible purchasing,
  - rollout of Constantia Flexibles' comprehensive recyclability strategy to work towards the company's pledge of all products being recyclable by 2025,
  - successful audit of Constantia Flexibles' largest plant Constantia Teich, located in Austria, according to the Aluminium Stewardship Initiative's Chain of Custody Standard, including the implementation of a biodiversity assessment of all plants,
  - opening of Ecoflex Ahmedabad, the first plant on the planet designed to produce recyclable flexible packaging only;
- Health & Safety:
  - Constantia Flexibles group HSSE Award (Health, Safety, Security & Environment) made the next step on the road to celebrate success of operational excellence with regard to health and safety: The second annual Constantia Flexibles group HSSE Award was granted for solid long-term (safety) performance and was handed over to the team of Constantia Tobepal operating two plants in Spain for the commitment and personal engagement of the local leadership-team plus the outstanding HSSE-initiatives and involvement of shop floor-personnel,
  - after the requirements of two new group Standards for HSSE had been successfully implemented within Constantia Flexibles group during 2018, the anticipated return of these efforts could have been obviously reaped: Beside having one standardized information-board displaying the local safety performance at all main-gates of plants, the expansion of globally standardized rules was implemented to retain the attention and attraction for further deepening further Safety awareness and its importance,
  - following the results of internal risk-management processes, the topic of Fire Safety was decided to be put as one of the top-priorities for 2019. Trainings, related Safety Initiatives and technical guidance with detailed specifications ensured to improve the externally measured risk-score and sustainably protect all potentially exposed people and the assets;
- Social initiatives, in particular:
  - Constantia Cooking – Employees of Rivergate headquarters cook monthly for the homeless at VinziRast in Vienna since 2009,
  - START Austria – Constantia Flexibles is supporting "START" students in Austria. These young people, who are coming from countries such as Afghanistan or Syria, are encouraged and supported to get the maximum out of their talents. As an example, one young man from Syria visited Constantia Teich during a field trip and showed great interest in the plant and the mechanical apprenticeships. After applying, he was offered an internship and later on an apprenticeship as a mechanical engineer,
  - in Turkey, the team at Constantia Flexibles' plant ASAŞ gave donations which were used for purchasing shoes for children from a school for special needs,
  - one of its plants in Poland, Constantia Teich Poland, supported a charity campaign which is aiming at helping children from families in need. During the campaign, food, cosmetics, school supplies, toys and clothing were collected and handed over to the children during a Christmas Party,

- colleagues from Parikh Packaging plant in India conducted safety and hygiene trainings in local schools. The goal was to make students aware of road safety, fire safety and measures to avoid illness,
- at Constantia Patz, located in Austria, an initiative was set up, where employees could track their sport activities. The total number of collected hours were then converted into a donation to a local organization that supports teenagers and young people who cannot live at home anymore due to family issues.

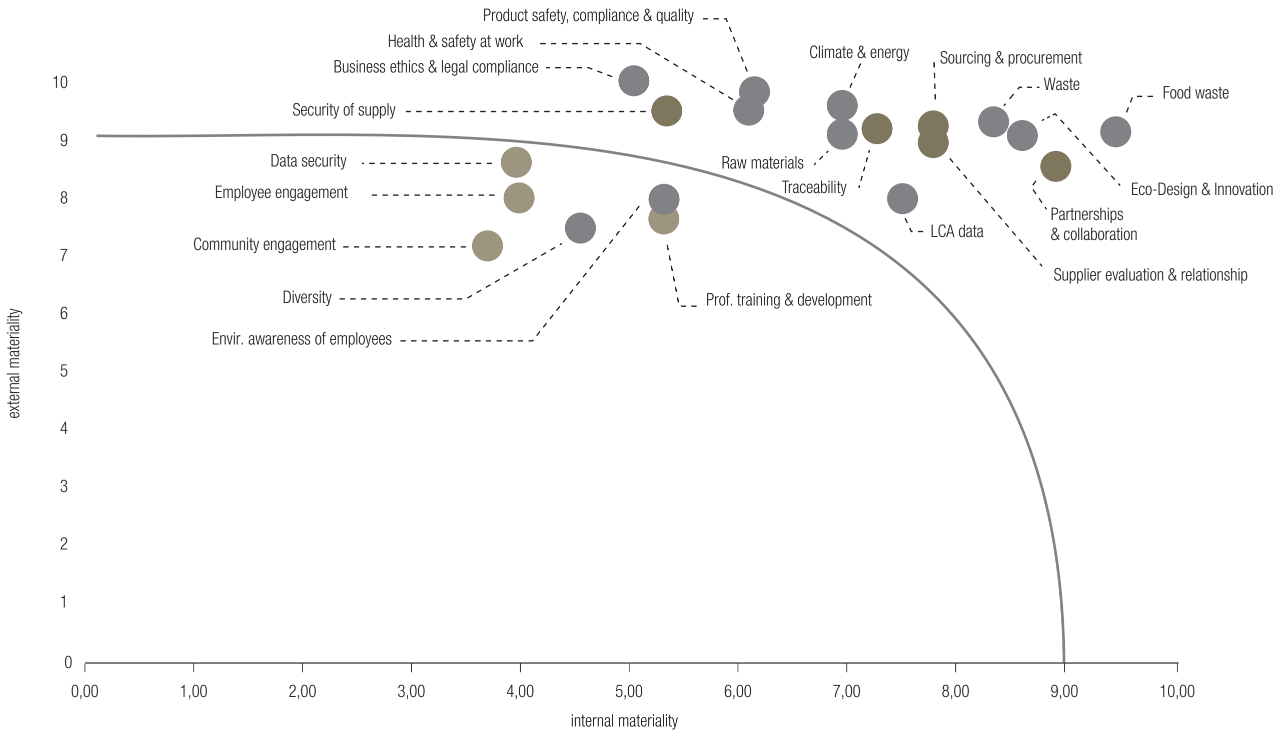
4.3.2.3 Materiality matrix

By developing a robust understanding of what issues are material to their operations, firms can better prevent or mitigate risks. Choosing what to report is an important decision for a company and can be guided by determining the materiality of each sustainability topic in accordance with the Global Reporting Initiative (GRI). With respect to relations with its stakeholders, Constantia Flexibles combined an internal impact assessment with a broad stakeholder analysis in accordance with the AA1000 stakeholder engagement Standard. Stakeholders were requested to share their view (external materiality) on Constantia Flexibles' sustainability topics (internal materiality) and to rate Constantia Flexibles' engagement in these areas using an online questionnaire developed together with specialized external experts.

The result of this assessment shows that Constantia Flexibles' internal view on the materiality of the company's sustainability topics is largely in line with the external assessment by its stakeholders. Qualitative responses were focused on environmental issues, providing a qualitative indication of importance. Many remarks and stakeholder expectations stressed topics with regard to eco-design, recyclability, barrier function, environmental impact of packaging materials and the communication of features to the broad public. Regarding Constantia Flexibles' engagement, topics such as product safety and compliance, business ethics, packaging and design, traceability as well as health and safety at work were rated as high, demonstrating the company's areas of strength.

Constantia Flexibles is already working on all topics with highest materiality and will continue to focus on these areas and to further pursue an intensive dialogue with its stakeholders.

Constantia Flexibles materiality matrix



4.3.2.4 Main Risks

Constantia Flexibles has defined the following material risks as being key for the sustainable extra-financial performance and as a matter of course in the context of its successful business activities. The following main risks are based on the comprehensive assessment of materiality and on the established internal risk and opportunity management system.

Because of the nature of the activities for manufacturing flexible packaging for agri-food and pharmaceutical industries, Constantia Flexibles considered that the topic of "Fight against food insecurity, respect for animal welfare, responsible, fair and sustainable food" does not represent a main extra-financial risk and does not need to be developed in this declaration.

Overview of Constantia Flexibles main extra-financial risks, policies and KPIs

CSR Topics	Extrafinancial risk	Description	Mitigation policies and actions	KPIs	Related paragraph
HEALTH & SAFETY (Wendel historical priority)	Hazardous working conditions	Several manufacturing processes (technology, machinery) and hazardous substances (*e.g.* solvents, inks) used to produce flexible packaging have the potential to harm peoples health & safety.	Group Policy for HSSE plus annexure "group HSSE Policy" stating its vision of ZERO LOSS-NO HARM. Other underlying group standards for Health & Safety. HSSE-related STI (short term incentive) bonus targets for proactive measures to be set.	Lost Time Injuries Frequency Rate (LTIFR). Number of Occupational Diseases.	4.3.2.4.6
	Consumer H&S	Constantia Flexibles transforms this requirement into strong business opportunities by developing new packaging solutions to satisfy the need of (end-) customers' Health & Safety for its direct clients (food- and pharma-industry). Moreover, according the global trends Constantia Flexibles chose to be innovative for – like Urbanization, Emerging middle class, Health, Premium Products and Sustainability, the company recognizes and realize a lot of further options to improve sustainable packaging by meeting customer´s needs.	Register of regulatory requirements and further internal regulations on Food Safety/Food defense plan (incl. HACCP) and for GMP and hygiene-aspects in production.	*KPI to be defined in 2020.*	4.3.2.4.8

CSR Topics	Extrafinancial risk	Description	Mitigation policies and actions	KPIs	Related paragraph
ESG PERFORMANCE OF PRODUCTS (Wendel historical priority)	Increasing Demand and Regulation for Sustainable Packaging	Current and emerging regulations regarding packaging and the circular economy.	Active collaboration in supply chain spanning initiatives and projects (*e.g.* New Plastics Economy, CEFLEX, Stop Waste Save Food Initiative, Sustainable Packaging Coalition, UN Save Food Initiative, European Commission's PEF initiative). Signatory to the New Plastics Economy Global Commitment, pledging that 100% of packaging will be recyclable by 2025. Opening of Ecoflex Ahmedabad, the first plant on the planet designed to produce recyclable flexible packaging only (EcoLam product family). Life Cycle Assessments (LCA) are conducted with a peer-reviewed LCA-meta-model.	Recyclability of product portfolio (%).	4.3.2.4.2
ENVIRONMENT	Climate change	The global increase of Greenhouse Gas (GHG) emissions from human activities is a significant driver of global warming, having severe and costly consequences for ecosystems and communities.	Sustainability Policy in place. Measurement and reporting of direct and indirect GHG emissions (Scope 1, 2 & 3) of all plants worldwide. Absolute and relative GHG-emissions reduction targets in place. Plant certifications (ISO 14001 and ISO 50001).	Renewable electricity (% total electricity consumption). GHG intensity – Scope 1 & 2. (ktCO_2-eq/Mio.m^2 produced). Total absolute. emissions (1+2[1]+3) – kt CO_2-eq.	4.3.2.4.1
	Air pollution	Constantia Flexibles is aware of the risk of air pollution and the impact of VOC emissions on the environment. These emissions are originated in plants from the usage of solvents.	Sustainability Policy in place. Regenerative Thermal Oxidizers installed in several plants.	VOC emissions intensity (ton/Mio.m2 produced). Consumer division. Pharma division.	4.3.2.4.7

CSR Topics	Extrafinancial risk	Description	Mitigation policies and actions	KPIs	Related paragraph
SOCIAL	Shortage of Skilled Labor Workers	Motivated and well-trained employees are key to success for Constantia Flexibles. However, finding skilled labor workers, especially on shopfloor level, becomes more and more difficult and in some areas is even a major issue. Thus, Constantia Flexibles is facing the risk of non-availability of qualified employees and consequently the risk of non-filling crucial positions, regardless if this may occur for blue collar, specialist or management level.	Policies are implemented on site level as per local needs and requirements.	Hire rate. Turnover rate.	4.3.2.4.4
	Lack of Trainings and Development Activities	As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success. Missing trainings and development activities can lead to a decrease of motivation, resulting in high attrition and low performance, increased recruiting/replacement costs and loss of competitive advantage.	Group Training Policy in place that governs minimum requirements, roles and responsibilities as well as documentation, evaluation and reporting requirements on a global level.	Training hours per FTE (Full-time Equivalent). Share of employees trained for minimum 1 day.	4.3.2.4.5
SUPPLY CHAIN	Environmental, Social and Ethical Risks in raw material Sourcing	Risks in relation with Constantia Flexibles' raw material sourcing (aluminum, plastics, paper, and chemicals like inks and solvents).	Supplier Code of Conduct in place. Aluminium Stewardship Initiative certification of C. Teich. Supplier audits and CSR evaluation.	Number of suppliers audits carried out. CSR questionnaire coverage of suppliers (in Scope 3 emissions and procurement spend).	4.3.2.4.3

(1) Scope 2 location based.
(2) Peer-reviewed Scope 3 value of 2018.
(3) Comprehensive supplier assessment every 2-4 years.

4.3.2.4.1 Climate Change (including Greenhouse Gas (GHG) Emissions)

Description	Mitigation policies and actions	KPIs	2018	2019
The global increase of Greenhouse Gas (GHG) emissions from human activities is a significant driver of global warming, having severe and costly consequences for ecosystems and communities	Sustainability Policy in place Measurement and reporting of direct and indirect GHG emissions (Scope 1, 2 & 3) of all plants worldwide Absolute and relative GHG-emissions reduction targets in place Plant certifications (ISO 14001 and ISO 50001)	Renewable electricity (% total electricity consumption)	15%	15%
		GHG intensity – Scope 1 & 2 ($ktCO_2$-eq/Mio.m2 produced)	0.0614	0.0599
		Total absolute emissions (1+2(1)+3) – kt CO_2-eq	1,787.96	1,811.80(2)

(1) Scope 2 location based.
(2) Peer-reviewed Scope 3 value of 2018.

The global increase of Greenhouse Gas (GHG) emissions from human activities is a significant driver of global warming, having very severe consequences for ecosystems and communities.

Constantia Flexibles considers environmental responsibility to be an integral part of its entrepreneurial activities. Its commitment is based on the following principles:

- awareness of possible environmental risks and how to minimize them by selecting certain product technologies;
- use of more environmentally friendly (raw) materials in the product portfolio;
- use of every opportunity for a reduction of the impact Constantia Flexibles has on the atmosphere, soil and water as well as the implementation of appropriate measures to lower greenhouse gas emissions; and
- maximum utilization of resource friendly and environmentally friendly technologies alongside the ongoing optimization of material use.

Among other tasks relating to corporate responsibility, Constantia Flexibles collects and monitors key data on its internal performance throughout the group. Since 2005, the company has been measuring its direct and indirect emissions (Scope 1 and Scope 2) and is quantifying as well the indirect emissions (Scope 3) coming from upstream and downstream value chain activities. Direct and indirect Greenhouse Gas (GHG) emissions are generated by Constantia Flexibles' plants by production processes consuming electricity, gas, steam and hot water, as well as indirectly by purchased goods and services and fuel- and energy related activities.

Energy

Constantia Flexibles had a total energy consumption of 604,150 MWh in 2019, which is an 8% increase compared to 2018. The increase in energy consumption can be mainly attributed to the acquisition of 8 additional production plants. The table below shows the split of energy consumption by source.

Energy source	[%]
Electricity	48.14%
Natural gas	41.09%
LPG	3.04%
Steam	3.00%
Hot water	1.02%
Fuel oils	3.65%
Heating oil	0.05%

In 2019, 17 plants used technologies for the recovery of solvents and/or for the avoidance of solvent emissions (14 plants were using RTOs (Regenerative Thermal Oxidizers), 12 plants had the possibility to recover solvents at their facilities). In addition, Constantia Flexibles works for a continuous improvement related to energy efficiency, for example through the heat recovery from RTOs at some plants. The amount of energy recovered from RTOs (*e.g.* through a thermal oil system) is not included in the energy reporting.

Moreover, several of the plants in Europe are verified against the ISO 50001 standard and therefore place special emphasis on reducing energy consumption.

Corporate Value Chain Accounting

Constantia Flexibles measures and reports Greenhouse Gas (GHG) emissions according to the internationally recognized Greenhouse Gas Protocol and is verified annually by an external consultant for its Scope 1, Scope 2 and Scope 3 calculation methodology.

The table below shows the overall Scope 1 and 2 and 3 GHG emissions of Constantia Flexibles for 2018 and 2019. Total Scope 1 & Scope 2 emissions increased by 9% compared to the previous year. This can be mainly attributed to the acquisition of 8 additional production plants.

	2018	2019	Variation [%]
Scope 1 (kt CO_2-eq)	112.68	118.40	5%
Scope 2 (kt CO_2-eq)	143.95	162.08	13%
GHG intensity (Scope 1+2) (in kt CO_2-eq/Mio.m^2)	0.0614	0.0599	-2%
Scope 3 (kt CO_2-eq)	1,531.33	1,531.33(1)	-

(1) Peer-reviewed Scope 3 value (raw materials & fuel and energy related activities) of 2018. As Constantia Flexibles is a respondent to the CDP (Carbon Disclosure Project), Scope 3-emissions data are externally audited and published on the CDP platform on an annual basis. As this process takes place in the second quarter of each year, the Scope 3 value for 2019 is not published yet in this document. However, it can be observed that Scope 3 emissions decreased by 1% between 2017 and 2018.

Constantia Flexibles accounts the corporate Scope 1 and 2 emissions with a professional software tool which supports the group wide data collection and emission calculation. The application of this software tool ensures structured and transparent data collection for all production sites located in countries around the world.

More than half of the company's emissions are occurring as a result of the electricity consumption (Scope 2). To address these emissions, Constantia Flexibles is in close contact with its electricity suppliers with the aim to increase the share of purchased electricity coming from renewable resources. In 2016 Constantia Flexibles has taken the step to switch to green electricity (produced 100% from renewable resources – backed by certificates) in several plants, covering 15% of the total electricity consumption in 2019, which supports the company to reach its absolute greenhouse gas emission reduction target.

Most of the remaining emissions still occur due to the solvent and natural gas consumption, which are Scope 1 emissions. For this reason, Constantia Flexibles is reducing its Scope 1 emissions by using more solvent free inks and water based lacquers.

In addition to the assessment of direct and indirect emissions occurring due to the activities of the Constantia Flexibles group, the indirect emissions caused by processes up-and downstream of the supply chain (Scope 3 emissions) are evaluated. Following a first analysis on selected Scope 3 emission sources, Constantia Flexibles set up an evaluation method on a group-wide scale for significant emissions sources. Aluminum and plastic raw material purchases represent approximately 80% of the company's Scope 3 emissions (2018), therefore purchased goods used to manufacture Constantia Flexibles' products are the most important element of Scope 3 emissions of the company. For Constantia Flexibles the total material Scope 3 emissions are a key factor in terms of achieving its corporate target. Since 2015 material Scope 3 emissions are thus tracked for each of Constantia Flexibles' plants. This enables the group to identify and analyze hotspots to initiate projects in direct contact with its suppliers, such as the Aluminium Stewardship Initiative, to decrease Scope 3 emissions deriving from purchased raw materials. Constantia Flexibles therefore also engages with its suppliers to evaluate these emissions.

Knowledge of site-specific challenges on corporate, product and raw material level helps Constantia Flexibles to tackle similar problems throughout the group. Constantia Flexibles pays particular attention to continual improvements in the consumption of raw materials, which are essentially aluminum, plastics, paper, and chemicals like inks and solvents. Potential environmental impacts on the level of product sustainability are made quantifiable through comprehensive investigations (for example by conducting life cycle assessments).

To promote opportunities for reduction of emissions, Constantia Flexibles has set a company-wide spanning goal of a 40% reduction in Greenhouse Gas (GHG) emissions by 2023 (Scope 1 and 2 emissions per square meter produced, setting 2005 as reference year). Furthermore, in 2017 Constantia Flexibles developed a group-wide absolute emissions reductions target, which was approved by the Science Based Targets initiative (SBTi) in 2018. The Science Based Targets initiative is a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) and one of the *We Mean Business Coalition* commitments.

Constantia Flexibles commits to reduce absolute Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions 24% by 2030 and 49% by 2050 from a 2015 base-year. Targets adopted by companies to reduce GHG emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase below 2 degrees Celsius compared to pre-industrial temperatures. Setting this ambitious target in line with climate science demonstrates to customers and other stakeholders Constantia Flexibles' dedication to play its part in international efforts to limit global temperature rise and to continuously improve sustainability performance across the value chain. This target was communicated internally and externally. The break-down of the group target and the yearly reductions on plant level have been agreed by Constantia Flexibles' Board in 2019. The operationalization of the target will start in the course of 2020.

The table below shows the progress of Constantia Flexibles' absolute and relative targets:

Indicator	2015 baseline CO_2-eq kt	2019 performance[(1)]	2030 objective
Reducing absolute GHG emissions by 24% until 2030 and 49% until 2050 (Scope 1, 2 and 3)	1,974	-8%	-24%

(1) Peer-reviewed Scope 3 value (raw materials & fuel and energy related activities) of 2018. As Constantia Flexibles is a respondent to the CDP (Carbon Disclosure Project), Scope 3-emissions data are externally audited and published on the CDP platform on an annual basis. As this process takes place in the second quarter of each year, the Scope 3 value for 2019 is not published yet in this document. However, it can be observed that Scope 3 emissions decreased by 1% between 2017 and 2018. Scope 2 location based.

Indicator	2005 baseline CO_2-eq kt/Mio. m^2	2019 performance	2023 objective
Reducing GHG emissions 40% by 2023 (Scope 1 and 2 per m^2)	0.08	-24%	-40%

To better reflect the importance of sustainability also more clearly in the written company principles, Constantia Flexibles revised its environmental policy to a more comprehensive sustainability policy, including an annex which details actions and measures in place to meet the company's commitments. This sustainability policy clearly outlines Constantia Flexibles' core values and targets to employees and external stakeholders. In addition, the Code of Conduct and Code of Conduct for Suppliers were updated in 2019, including more comprehensive clauses on environment and responsible sourcing.

Constantia Flexibles shares key environmental data throughout the supply chain and collaborates with selected platforms/projects, such as CDP (Carbon Disclosure Project) and EcoVadis. In 2019 Constantia Flexibles improved its already strong CDP climate score even further. CDP evaluates strategies, goals, and actual reductions in emissions annually, along with the transparency and verification of reported data. In recognition of both the high degree of transparency in climate change reporting and climate protection efforts, Constantia Flexibles was rewarded with a high CDP Climate Score Rating in 2019. Out of the 8400 companies that disclosed their environmental data through CDP in 2019, Constantia Flexibles is in the top 2 percent that made it to the CDP A List – recognizing the company as corporate leader on climate action through transparency. This above average score demonstrates Constantia Flexibles' high level of environmental stewardship, and the company's actions and approaches in managing climate change. Constantia Flexibles also participated in CDP's supply chain program and was assessed against CDP's supplier engagement rating methodology in addition to the CDP climate scoring methodology. Constantia Flexibles has been identified as a global leader for engaging with its suppliers on climate change and was therefore awarded a position on the CDP Supplier Engagement Leaderboard (Score A).

Constantia Flexibles is also a well-rated member of EcoVadis. EcoVadis aims at improving environmental and social practices of companies by leveraging the influence of global supply chains. EcoVadis operates the first collaborative platform providing supplier sustainability ratings for global supply chains. Combining innovative information technologies and a shared service expertise on sustainable procurement topics, EcoVadis wants to help procurement organizations improve their practice, while reducing the costs of monitoring supplier sustainability. In 2019, Constantia Flexibles as a group received the gold CSR recognition level of EcoVadis for the third time in a row, placing the company among the top 2% of all suppliers evaluated by EcoVadis in this industry.

4.3.2.4.2 Increasing Demand and Regulation for Sustainable Packaging

Description	Mitigation policies and actions	KPIs	2018	2019
Current and emerging regulations regarding packaging and the circular economy	Active collaboration in supply chain spanning initiatives and projects (*e.g.* New Plastics Economy, CEFLEX, Stop Waste Save Food Initiative, Sustainable Packaging Coalition, UN Save Food Initiative, European Commission's PEF initiative) Signatory to the New Plastics Economy Global Commitment, pledging that 100% of packaging will be recyclable by 2025 Opening of Ecoflex Ahmedabad, the first plant on the planet designed to produce recyclable flexible packaging only (EcoLam product family) Life Cycle Assessments (LCA) are conducted with a peer-reviewed LCA-meta-model	Recyclability of product portfolio (%)	60%	*Not available**

** The commitment (all products to be recyclable by 2025) was made in 2018. The 2019 evaluation was still in progress at date of publication.*

Due to current and emerging regulations regarding packaging recyclability, as well as lower demand for non-recyclable packaging (*e.g.* complex multimaterial laminates in Constantia Flexibles' product portfolio) and stigmatization of packaging by consumers, Constantia Flexibles faces the risks of increased operating costs, compliance costs and loss of market share. Additional life cycle assessments (LCA) and footprint information of products will need to be conducted in order for the products to comply with the regulation, *e.g.* expected national/EU labelling legislations and standards, such as the Product Environmental Footprint – PEF – initiative of the European Commission, and the mandatory reporting of the CO_2 performance of FMCGs.

In terms of associated opportunities, the extended producer responsibility legislation and the Packaging and Packaging Waste Directive (under the Circular Economy framework) are giving Constantia Flexibles a "motivation" to further develop and push new recycling technologies for its flexible packaging. Also, the funding of these technologies can be ensured. Increase of flexible packaging collection and recycling rates result in higher demand for Constantia Flexibles' recyclable flexible packaging solutions. In addition, Constantia Flexibles sees the opportunity to develop recyclable packaging solutions, which would pose lower Extended Producer Responsibility fees and therefore give Constantia Flexibles a competitive advantage from this point of view.

4.3.2.4.2.1 Circular Economy

As an active member participating in several innovative projects Constantia Flexibles understands the importance of plastic packaging design. It thus joined the New Plastics Economy initiative led by the Ellen MacArthur Foundation that seeks to build a system in which plastic never becomes waste or pollution. The ambitious vision underlying the initiative is part of the circular economy and has inspired several firms throughout the value chain, philanthropic organizations, cities and governments to take part. The initiative focuses on three actions required to achieve the vision and create a circular economy for plastics: Eliminate problematic and unnecessary plastic items, innovate to ensure that the plastics needed are reusable, recyclable, or compostable and circulate all the plastic items used to keep them in the economy and out of the environment.

As a global flexible packaging producer for the consumer and pharma-industry and a company being committed to sustainability from the very beginning, Constantia Flexibles recognizes the importance of supporting the development towards a circular economy for plastics. In 2018 Constantia Flexibles therefore pledged that 100% of its consumer and pharma packaging will be recyclable by 2025. Future product innovations will focus on the implementation of design guidelines to develop specifications which are recyclable – in practice and on a commercial scale. This pledge is part of Constantia Flexibles' commitment to the New Plastics Economy "Global Commitment", which unites many of the world's largest packaging producers, brands, retailers, recyclers, governments and NGOs and is underpinned by shared ambitions, definitions and a high degree of transparency, working on solutions that address the root causes of plastic waste and pollution. Constantia Flexibles believes that working side-by-side, businesses and governments can tackle plastic pollution at its source and is therefore proud to be among the more than 400 companies that have signed the Global Commitment. Signatories include companies representing 20% of all plastic packaging produced globally. The Global Commitment and its vision for a circular economy for plastic are supported by the World Wide Fund for Nature (WWF), and have been endorsed by the World Economic Forum, The Consumer Goods Forum as well as universities, institutions and academics. As Constantia Flexibles is committed to play its part to contribute to the transition from a linear to a circular economy, the company extended its participation in the New Plastics Economy initiative for the next period, until 2022.

As part of the CEFLEX project (A Circular Economy for Flexible Packaging), Constantia Flexibles as a founding member also intensively works on further enhancing the performance of flexible packaging in the circular economy by advancing better system design solutions *via* collaboration. CEFLEX is the collaborative project of a European consortium of companies and associations representing the entire value chain of flexible packaging. Project goals set for 2020 and 2025 include the development of robust design guidelines for both flexible packaging and the infrastructure to collect, sort and recycle them. CEFLEX stakeholders are working together in seven workstreams to identify and develop the best solutions: 1. Design guidelines, 2. Understand the European flexible packaging market, 3. Identify and develop sustainable end markets for secondary materials, 4. Develop a sustainable business case, 5. Proof of principle in a pilot region, 6. Facilitating technologies, 7. Communication. Constantia Flexibles is an active member in six of these working groups and continuously works on increasing the recyclability of flexible packaging.

To manage and achieve 100% recyclability until 2025, Constantia Flexibles will continuously evaluate the status in terms of recyclability of its product portfolio and track progress towards the goal. To provide internal stakeholders with the necessary background information to discuss product options and to work towards the achievement of Constantia Flexibles' recyclability target, Constantia Flexibles developed a comprehensive recyclability guidance document in 2019. This document addresses essential knowledge with regard to flexible packaging recycling, provides details on the regulatory context, data on the packaging recycling market, available sorting technologies and common criteria of standards/guidelines on designing packaging to be recyclable. Based on these criteria, Constantia Flexibles completed the detailed assessment of its entire product portfolio in 2019 to identify non-recyclable structures and is in the process of developing a roadmap to address each of these. Currently already 60% of the product portfolio (% recyclable output [m^2] of sold output [m^2] in 2018) is recyclable (according to the Ellen MacArthur Foundation's New Plastics Economy definition: A packaging is recyclable if its successful post-consumer collection, sorting and recycling is proven to work in practice and at scale).

As the European Strategy for Plastics in a Circular Economy stipulates that all plastic packaging has to be recyclable by 2030, Constantia Flexibles supports the food industry to meet legal requirements by developing "Constantia ecolutions". And in doing so, the company also helps to create products appealing to an ever increasing share of consumers caring for sustainability. As pledged in 2018 to offer recyclable solutions for the whole product portfolio until 2025, first projects were already realized with EcoLam (a pure PE (polyethylene) based solution which allows recycling in the PE waste/sorting stream). In November 2019, Constantia Flexibles celebrated the opening of Ecoflex Ahmedabad, the first plant on the planet designed to produce recyclable flexible packaging only.

In 2019 the full Ecolutions product family was launched to provide the market with a more sustainable option for flexible packaging. With various products offered already today (EcoLam, EcoCover, EcoPouch, EcoTainerAlu) Constantia Flexibles is ready to enter into a new era of packaging.

Constantia Flexibles also collaborates with stakeholders along the whole supply chain raising the awareness that without the protection that packaging provides for products during their lifetime, the targeted provision of goods would be impossible. Constantia Flexibles is engaged in several projects of the "Stop Waste Save Food" initiative, an industry-spanning collaborative project, which is funded by the Austrian Research Promotion Agency (FFG) and aims to develop practical solutions for the reduction of food waste through process and packaging optimization. Moreover, Constantia Flexibles is also working to reduce food waste as a member of the UN Save Food Initiative. The Save Food Initiative was introduced 2011 to put the issue of global food losses onto the political and economic agenda. As the global population continues to rise, it is imperative to find ways to reduce food waste (whether due to food being thrown away or allowed to spoil) and packaging solutions have an important role to play in ensuring sustainability. For this reason, the focus of Constantia Flexibles' current efforts is on minimizing environmental impact, reducing material consumption (*e.g.* by downgauging of material thickness) and optimizing recyclability – while still maintaining the other top-quality product features – of the packaging solutions it provides to customers around the world.

To proactively address risks driven by regulatory change, Constantia Flexibles concerns itself intensively with the topic of sustainability at the association level as a participant in international task forces. In addition to being a permanent member and chair of Flexible Packaging Europe's Sustainability Committee, Constantia Flexibles participates in the European Aluminium Foil Association's Foil Sustainability Action Group, working constantly toward making its voice heard in terms of current affairs, initiating projects and encouraging intercompany cooperation in defense of common interests.

Likewise, Constantia Flexibles' membership in the Sustainable Packaging Coalition (SPC) strengthens its ties to key accounts and increases shared understanding of the sustainability issues affecting the packaging industry. The SPC is a task force dedicated to the vision of more environmentally friendly packaging. As a committed member of the multi-material flexible packaging recovery initiative, Constantia Flexibles understands the increasing importance of finding solutions for collecting, sorting and recovering multi-material packaging. Constantia Flexibles understands that sharing efforts on a global level to develop recycling solutions advances collective understanding, and shared best practices, to create a sustainable solution for the management of multi-material flexible packaging at their end of life.

Constantia Flexibles also takes an active interest in legislation regarding the European Commission's initiative on the development of Product Environmental Footprint Category Rules (PEFCR). Constantia Flexibles is helping to map the entire value chain for the purposes of these studies, allowing the categories of environmental impact put forward by the European Commission to be reviewed and evaluated.

4.3.2.4.2.2 Life Cycle Assessments

Constantia Flexibles is conscious of its role and responsibility as part of the value chain and strives constantly toward making further improvements to its processes and products with regard to sustainability. Alongside the monitoring and development of relevant trends with the potential to improve the sustainability of its products on the market, support for internal (*e.g.* sales and product management teams) and external stakeholders is another of Constantia Flexibles' key endeavors. The life cycle assessment (LCA) studies led by Constantia Flexibles in cooperation with associations are fundamental to the improvement of its ecological footprint. Constantia Flexibles has chosen an innovative path by integrating corporate and product sustainability in life cycle assessment. Life cycle assessments at Constantia Flexibles have thus been conducted since mid-2015 *via* a semi-automated approach, in order to meet the range of inquiries from customers and those which come up in the course of life cycle design more efficiently. This peer-reviewed innovative LCA-meta-model enables Constantia Flexibles to provide customers and other stakeholders with information on the environmental footprint of products by allowing to flexibly evaluate any combination of production processes, raw material input, waste handling possibilities and country specific settings to a high level of detail.

By being able to make credible claims on product sustainability, Constantia Flexibles will be seen as a reliable partner for its customers, facing transparency expectations from end consumers and legislators. In addition, there is the possibility to gain a competitive advantage and to discover potential cost savings through product optimization.

4.3.2.4.3 Environmental, Social and Ethical Risks in raw material Sourcing

Description	Mitigation policies and actions	KPIs	2018	2019
Risks in relation with Constantia Flexibles' raw material sourcing (aluminum, plastics, paper, and chemicals like inks and solvents)	Supplier Code of Conduct in place Aluminium Stewardship Initiative certification of C. Teich Supplier audits and CSR evaluation	Number of suppliers audits carried out	*Not available*	40
		CSR questionnaire coverage of suppliers (in Scope 3 emissions and procurement spend)	80%	*Not available*(1)

(1) Comprehensive supplier assessment every 2-4 years.

Constantia Flexibles understands the main risk associated with its consumption of raw materials to be the environmental impact of sourcing these materials. Mainly aluminum, plastics, paper and chemicals like inks and solvents carry risks of inefficiency, reputational damage, compliance costs, operational disruptions and resource depletion.

Therefore, Constantia Flexibles sees collaboration throughout the value chain (*e.g.* in order to implement responsible sourcing certifications) as an important component of a comprehensive approach to sustainability. Constantia Flexibles is a founding member of the Aluminium Stewardship Initiative (ASI), which was established to promote sustainability performance and transparency across the entire aluminum value chain. Introduced by several businesses, ASI, as a non-profit initiative, aims to mobilize a broad base of players in the value chain toward implementing responsible business ethics and environmental and social performance practices and toward establishing corresponding standards. In 2018, Constantia Flexibles' largest plant C. Teich has become the first aluminum foil roller and packaging converter and the first European company to be certified according to ASI's Performance Standard for environmental, social and governance performance. ASI Certification of the Teich facility signifies that Constantia Flexibles' practices meet the industry's highest standards. In 2019, Constantia Teich successfully completed the audit in accordance with ASI's Chain of Custody Standard, which complements the ASI Performance Standard and sets out requirements for the creation of a Chain of Custody for CoC material, including ASI aluminum. Constantia Flexibles purchases 90% of its aluminum from other ASI members.

Due to Constantia Flexibles' increased presence (10 operating companies) in these areas, the sourcing portion in countries such as India has grown. Raw material purchases for the company's Indian plants represent almost 10 percent of total raw material spend and are often sourced locally from global key players for chemicals but also from reputable local champions with short delivery distances.

Constantia Flexibles´ proportion of main materials [€ purchase volume] shows a drop especially for aluminum to approximately 33% (from about 40% in FY2018) due to the development of this material´s commodity-price at the London Metal Exchange (LME). Such risk of raw material pricing and its potential impact to Constantia Flexibles financial results is also actively managed with an organization in place at group procurement to monitor, hedge and sustainably source from the market following the requirements of the Code of Conduct beside performing business impact analysis and other required supply chain activities.

Consequentially, within the CEFLEX (A Circular Economy for Flexible Packaging) and NPEC (New Plastics Economy) projects, Constantia Flexibles intensively works on further enhancing the performance of flexible packaging in the circular economy (see section "Increasing demand and regulation for sustainable packaging").

As part of its purchasing policy and to emphasize the interest of Constantia Flexibles in implementing its social responsibility and fair, ethical and sustainable principles of action and conduct throughout their entire supply chain, Constantia Flexibles has developed a Code of Conduct for suppliers which is published on its website. The "Code of Conduct for Suppliers and Subcontractors" defines the basic requirements that Constantia Flexibles places on its suppliers of goods and services and subcontractors concerning their responsibility towards their stakeholders and the environment. The principles described in this Code of Conduct are based, to a large extent, on the principles of the Universal Declaration of Human Rights of the United Nations, on the Conventions of the International Labour Organization (ILO), and on the UN Conventions on the Elimination of all Forms of Discrimination against Women and on the Rights of the Child. Of course the fair trade practices, integrity vis-à-vis all stakeholders and environmental protection are also part of the Code of Conduct for suppliers. Based on the values described in this Code of Conduct, Constantia Flexibles strives for a close partnership with its suppliers and subcontractors with the aim of jointly creating added value for all stakeholders (*e.g.* through B2B R&D projects in particular). In 2019, the Code of Conduct was updated to better reflect the importance of sustainability in the written principles. The Code of Conduct for suppliers is part of the purchasing conditions set by Constantia Flexibles.

In 2019 Constantia Flexibles performed ~40 supplier audits, which represent about 11% of total spend. As part of supplier audits, the supplier's acceptance of Constantia Flexibles' Code of Conduct is confirmed.

Additionally, a comprehensive supplier questionnaire was developed together with an external consultant, which was rolled out to all main suppliers end of 2018. The two questionnaires covered general and environmental topics to understand the status quo of suppliers in terms of environmental topics and to carry out a supplier evaluation to identify top performers and weak spots. The questionnaires were sent to main suppliers, covering more than 80% of Scope 3 emissions and procurement spend. Generated supplier scorecards indicate the maturity level of suppliers and help Constantia Flexibles to inform suppliers on recommended climate related actions to improve their score.

4.3.2.4.4 Shortage of Skilled Labor Workers

Description	Mitigation policies and actions	KPIs	2018	2019
Motivated and well-trained employees are key to success for Constantia Flexibles. However, finding skilled labor workers, especially on shopfloor level, becomes more and more difficult and in some areas is even a major issue. Thus, Constantia Flexibles is facing the risk of non-availability of qualified employees and consequently the risk of non-filling crucial positions, regardless if this may occur for blue collar, specialist or management level.	Policies are implemented on site level as per local needs and requirements.	Hire rate	15.0	17.5
		Turnover rate	13.5	15.1

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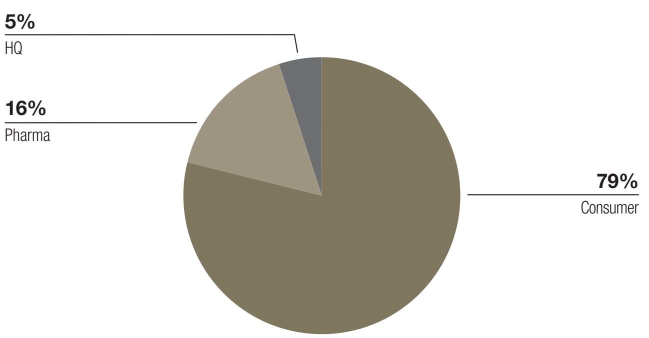
Thus, Constantia Flexibles is facing the risk of non-availability of qualified employees and consequently the risk of non-filling crucial positions, regardless if this may occur for blue collar, specialist or management level.

The number of employees (HC) at the end of the fiscal year 2019 was 8,367 with the majority (79%) of employees working in Constantia Flexibles Consumer division. During 2019, one production site in US and one production site in South Africa closed their operations. On the other hand, a new plant went into production in India in fall 2019. Overall, the total number of employees stayed quite stable, when comparing 2019 to the previous year. The newest Constantia Flexibles acquisition, Constantia TT, is not included in the figures below, as there was no coverage of Human Resources related data for the full year 2019.

Headcount split per division at yearend 2018 and 2019

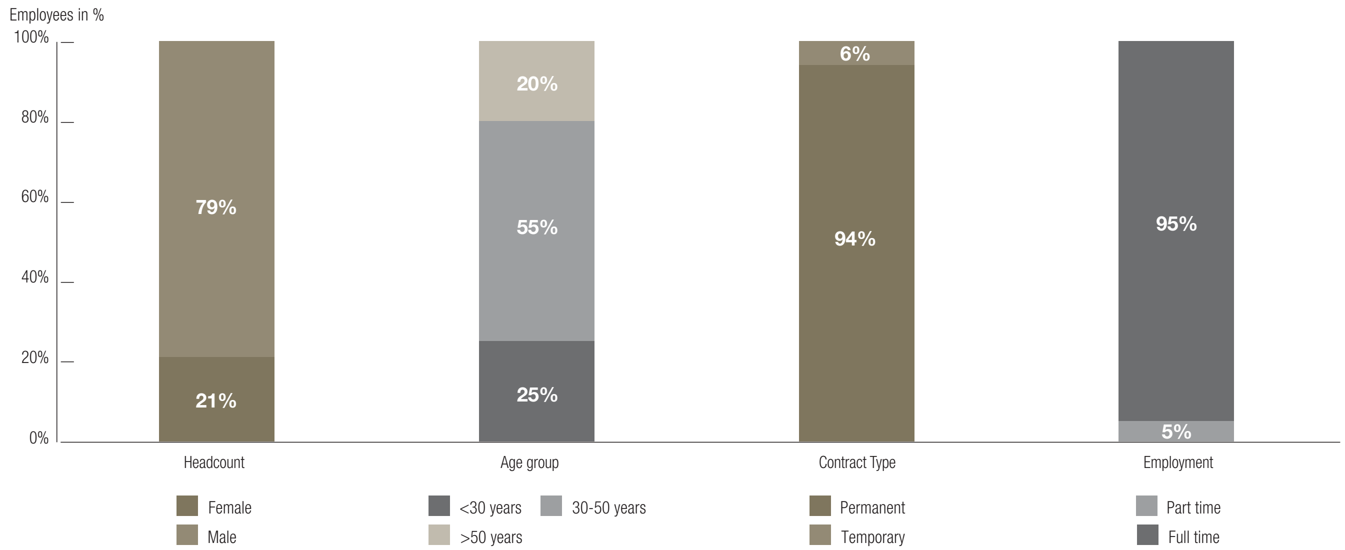
	2018		2019	
Division	**Headcount**	**Headcount in %**	**Headcount**	**Headcount in %**
Consumer	6,613	80%	6,593	79%
Pharma	1,346	16%	1,385	16%
HQ	363	4%	389	5%
TOTAL	**8,322**	**100%**	**8,367**	**100%**

Employees per division 2019



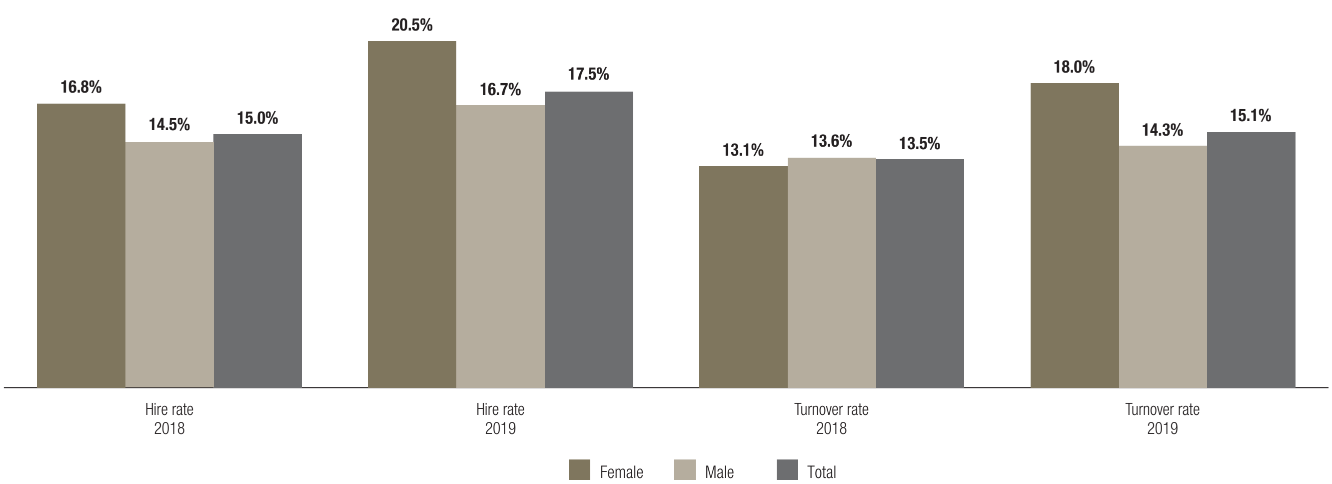
55% of Constantia Flexibles' employees are 30-50 years old. Its workforce is 21% female and 79% male. 95% of the employees of Constantia Flexibles are full-time employees and 94% have permanent employment contracts. Compared to 2018, there is almost no variation in these proportions. In 2018, 56% out of all Constantia Flexibles' employees were between 30 and 50 years old, 21% of the total headcount were female and 79% were male employees. 95% of all employments were full-time and 94% of all employees had a permanent employment contract.

Breakdown of employees by gender, age group, contract type and employment type 2019



The risk of a lack of skilled labor workers is monitored by tracking the hire and turnover rate in Constantia Flexibles on a monthly basis. In 2019, a total of 360 female and 1,105 male employees was hired in Constantia Flexibles entities. In the previous year Constantia Flexibles hired a total of 1,248 employees. During the reporting period, 1,263 employees left Constantia Flexibles, whereas in the previous reporting period 1,124 employees left the company. In total, the hire rate for Constantia Flexibles in 2019 sums up to 17.5%, whereas the turnover rate amounts to 15.1%. In 2018, the hire rate was 15.0% and the turnover rate was 13.5%. This increase in numbers is due to the closing of two Constantia Flexibles production sites as well as the opening of one new site, as described above.

Hire and Turnover rate by gender



Constantia Flexibles came to the conclusion that a formalized policy for addressing this risk is not feasible. This is due to the fact that this risk needs to be addressed in different ways, depending on different entities (size), regions and countries. A general and – with having a policy in place – mandatory global approach would not really fit this need. Thus, Constantia Flexibles came to the conclusion that a policy will not be implemented, but the local initiatives, as well as global ones (see below and others, e.g. succession management for key positions) are its major means to address this risk.

In order to mitigate the risk of a lack of skilled labor workers, Constantia Flexibles implemented a number of tools and initiatives. At group level, Constantia Flexibles is fostering the exchange of employees between different entities and supporting the development of employees. Moreover, job postings are published on the intranet and shared within the company's HR community. For improving the recruiting process for both Constantia Flexibles HR staff and external applicants, a global online recruiting solution was successfully implemented for all European and South African sites. Currently, this solution is further rolled out to all Constantia Flexibles entities worldwide. This tool helps to publish all vacant positions online and to set up a global talent pool. A concrete example for the successful development of own employees on local level, is the strong focus on apprentice- and traineeships, especially in Austrian and German Constantia Flexibles sites. At yearend 2019, a total of 156 apprentices, interns and trainees was employed at Constantia Flexibles worldwide.

Alongside the development of staff, equal opportunities form an important component of the HR strategy. The Constantia Flexibles group is made up of people of various origins, cultures, religious affiliations, genders and ages. This results in a range of different ways of thinking and viewing the world, of competencies and experiences, all of which contribute to the lasting competitiveness of the Company.

Constantia Flexibles is an equal opportunity employer with all employment decisions made without regard to race, color, religion, sex, sexual orientation, gender identity, age, disability, national origin, and citizenship/immigration status.

Around 2.6% of Constantia Flexibles' workforce are employees with disabilities.

4.3.2.4.5 Lack of Trainings and Development Activities

Description	Mitigation policies and actions	KPIs	2018	2019
As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success. Missing trainings and development activities can lead to a decrease of motivation, resulting in high attrition and low performance, increased recruiting/replacement costs and loss of competitive advantage.	Group Training Policy in place that governs minimum requirements, roles and responsibilities as well as documentation, evaluation and reporting requirements on a global level.	Training hours per FTE (Full-time Equivalent)	17.51	18.52
		Share of employees trained for minimum 1 day	61.56%	58.46%

As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success. Missing trainings and development activities can lead to a decrease of motivation, resulting in high attrition and low performance, increased recruiting/replacement costs and loss of competitive advantage.

In order to address this risk, Constantia Flexibles is offering a large variety of development and training activities, based on a tailored Constantia Flexibles competency model for senior and middle management as well as professionals. A global training policy was implemented that acts as a framework for existing and future local as well as global training and development initiatives and tools. This policy also sets the minimum requirements for Constantia Flexibles training initiatives and training reporting.

Over the past years, the investment in people development programs, with a strong focus on senior and middle management development, has been gradually increased. Generally, Constantia Flexibles is increasingly offering interactive online modules in order to reach employees. Constantia Flexibles refreshes its range of trainings with focus on communication, efficiency at work and leadership skills to support employees in their career development and employability on an annual basis. The structured annual talks for all employees along with succession planning at senior managerial level are also integrated in the training plan.

To support these efforts the "Constantia University", a dynamic and interactive web-based learning management platform was set up.

The platform integrates new learning pathways, utilizing online training opportunities, video-based learning materials as well as virtual training. The Constantia University is also the platform for the ongoing development initiatives such as "Executive Leadership Program" and "Constantia Flexibles Sales Academy". These initiatives aim to train Constantia Flexibles senior and middle managers and sales staff on the Constantia Flexibles Leadership and Sales approach respectively. Moreover, additional development initiatives, "Operational Excellence Center" and "Finance Academy" were added to the training and development modules as well.

On top of the abovementioned initiatives that are managed by Group Organizational and People Development, local training is conducted at the plant level. These include for example language trainings, individual development plans and – among others – regular health and safety, hygiene and technical trainings for employees working in production areas.

The following table shows the most relevant KPIs (Key Performance Indicators) that allows Constantia Flexibles to track the development of training initiatives on a global level:

	Total number of annual training hours	Average annual training hours per FTE	Number of employees trained for min. 1 day	Share of employees trained for min. 1 day
2018	137,999	17.51	5,123	61.56%
2019	146,597	18.52	4,891	58.46%

4.3.2.4.6 Hazardous Working Conditions

Description	Mitigation policies and actions	KPIs	2018	2019
Several manufacturing processes (technology, machinery) and hazardous substances (*e.g.* solvents, inks) used to produce flexible packaging have the potential to harm peoples health & safety.	Group Policy for HSSE plus annexure "group HSSE Policy" stating its vision of ZERO LOSS-NO HARM Other underlying group standards for Health & Safety HSSE-related STI- (short term incentive) bonus targets for proactive measures to be set.	Lost Time Injuries Frequency Rate (LTIFR)	6.6	3.9
		Number of Occupational Diseases	0	1

Several manufacturing processes used to produce flexible packaging within Constantia Flexibles still require the use of hazardous substances, for example solvents in printing inks which are flammable liquids with the potential to harm peoples health and safety and the environment. Although Constantia Flexibles applies best practices in operations and high-tech technology is provided for machinery- and other production equipment, the inherent operational risks related to occupational health and safety is understood to be properly addressed: It is the responsibility of Constantia Flexibles to ensure the successful and sustainable implementation of appropriate measures to address this risk.

"Safety of people at work" could be put at risk by several factors, which potentially could be triggered by non-compliance with procedures, *e.g.* by not wearing required and provided personal protective equipment (PPE) or not following the trained work-instructions. Thereof, only sufficient and completed instruction-trainings and Safety Walks performed by the local management guarantee appropriate awareness and knowledge where employees and leased personnel/temporary workers could be exposed to this risk. Constantia Flexibles takes specifically into account the risks at work related to distraction and psychological and physical stress. For example, during 2019 for more than 2,200 people a broad range of counter-measures and tools could have been provided and trained with appropriate behavioral-based trainings and awareness-campaigns, for which main focus was set to operations-personnel on the shop floor.

Thus, based on the group HSSE Policy (Health, Safety, Security and Environment) rolled out in early 2017 the Corporate Risk & Opportunity Management-tool considers H & S-related risks beside other major potentials like undesired weather conditions or even their implications. For any potential harm to people – including all relevant stakeholders – several types of counter-measures to mitigate the described risks got described by applying the guiding principle of eliminating these risks in best case rather than only minimizing them.

Constantia Flexibles works constantly on improvements related to "Working conditions" around the machinery and tools used by reducing the risks attached to workplace ergonomics, *e.g.* by exposure to solvents and their vapors, facing noise (> 80 dB(A)) or repetitive motion which finally could result in occupational diseases by long-term exposures of work-force. Constantia Flexibles has increased its investments in new machines, additional equipment, improvements of technical building-features already within the last years. However, any case of occupational disease – authorized by competent authorities locally – needs to be reported to the respective group-function, for which the term and the reporting-requirements are clearly set as indicator for determining the effectiveness of implemented measures in the long term. Unfortunately, for Constantia Flexibles globally one case of occupational disease occurred at a production plant was reported for 2019.

At the group-level, Constantia Flexibles compiles several data and figures from all global production sites to investigate potential correlations of the accidents´ circumstances and results. These figures – handed in on monthly basis according the scope of reporting to group HSSE by end of 2019, are subsequently summarized, verified and checked. These reports reflect the safety performance per division and the cascaded figures of divisional clusters on monthly basis.

However, beside key learnings from certain Lost Time Injuries or so-called High-Potential incidents occurred, related corrective and preventive measures are shared to mitigate this risk of potential re-occurrence at other similar workplaces in Constantia Flexibles group.

In addition to monitoring, local management teams are tasked with taking on-site measures such as safety meetings and on-site patrols, etc.

Since 2017, when Constantia Flexibles implemented a bonus-system for reaching Health & Safety-related targets to improve its performance in this area, the required involvement concern operational managers and the Executive Committee. These bonuses are indexed on proactive goals and initiatives to highlight the commitment and contribution of the teams in charge. Constantia Flexibles does not wish to set targets based on 'Number of Lost Time Injuries' or the Lost Time Injury Frequency Rate (LTIFR) but rather to work on the causes of accidents. Nevertheless, the overall Safety-performance of the group improved significantly by more than two thirds in terms of LTIFR since Wendel became majority shareholder of Constantia Flexibles.

Several local H & S-initiatives – according the production site´s needs – were implemented, which do contribute to Safety for people as well as to the status of working conditions. But for certain Cluster-related plants or even within the whole division "Consumer" specific focus was put on the introduction and implementation of proper near miss-reporting in light of and in combination with the existing continuous improvement process (CIP) during 2019. Learnings from such events are seen as being crucial for avoiding injury to other people and get immediately translated into preventive measures rather than to wait for corrective measures would be required.

Constantia Flexibles collected *via* a centralized tool the number and kind of initiatives for health and safety. During 2019, the number of such safety-initiatives throughout Constantia Flexibles globally was more than 5 on average per operating plant, where individuals are exposed to the hazards attached to the day-to-day manufacturing of flexible packaging. This perspective of implementing safety features beyond legal requirements highlights again the pursuing efforts of Constantia Flexibles to change for the better.

Although all occupational Health & Safety-related matters basically require several kinds of resources to be spent, for example for trainings, workplace-introductions as well as purchase of additional equipment or machinery-upgrades, the "return on investment" could hardly be directly measured. But several KPIs -- and especially as shown below the reduction of the Lost Time Injury Frequency Rate (LTIFR) – reflect the importance of consecutive investments for improvements Constantia Flexibles undertakes worldwide.

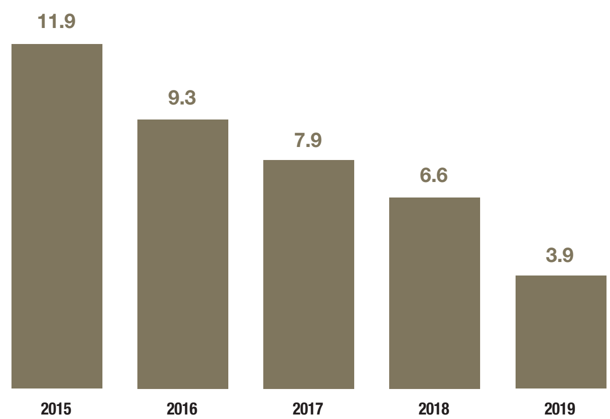
Constantia Flexibles´ Vision for HSSE

We believe in our vision of

ZERO LOSS - NO HARM

as key priority!

The Lost Time Injury Frequency Rate *(per 1 million hours worked)*



Why Constantia Flexibles track the LTIFR

Based on Constantia Flexibles´ duty to create and maintain a safe and sustainable work environment for everybody who works with and for this international company, the reporting of Lost Time Injuries (LTI) considers as a matter of course all people exposed to the hazards attached to operations: Thus, the LTIs and LTI-frequency rate represents the number of accidents resulting in at least one full day off-work due to the injuries the person suffered per 1 million hours worked, which includes employees and leased personnel/temporary workers.

2019 Performance

Constantia Flexibles understands to monitor this lagging key performance indicator acting as leading figure on the one hand as industry-related standard and on the other hand even as cross-sector benchmark to compare against competitors and customers. But these results based on significant efforts allow Constantia Flexibles to improve its safety performance sustainably and to further enhance its reputation as "preferred employer" for taking care of peoples health & safety.

Occupational health and safety Data	2018	2019
Number of Lost Time Injuries	94	69
Division Consumer	79	55
Division Pharma	15	14
Offices	0	0
Lost Time Injury Frequency Rate (LTIFR)	6.6	3.9
Division Consumer	7.0	3.8
Division Pharma	6.1	5.6
Offices	0.0	0.0

LTIFR = Lost Time Injury Frequency Rate = number of Lost Time Injuries (LTI) per 1 million hours worked.

4.3.2.4.7 Air Pollution

Description	Mitigation policies and actions	KPIs	2018	2019
Constantia Flexibles is aware of the risk of air pollution and the impact of VOC emissions on the environment. These emissions are originated in plants from the usage of solvents.	Sustainability Policy in place Regenerative Thermal Oxidizers installed in several plants	VOC emissions intensity (ton/Mio.m² produced)		
		Consumer division	3.24	3.57
		Pharma division	3.02	3.08

Constantia Flexibles is aware of the risk of air pollution and the impact of VOC emissions on the environment. These emissions are originated in plants from the usage of solvents. With this topic being mainly a compliance topic and as Constantia Flexibles is acting in accordance with applicable laws on VOC emissions, no additional policy is required for this risk. However, Constantia Flexibles updated its environmental policy to a more comprehensive sustainability policy including an annex – covering topics, such as technologies and reducing emissions.

Constantia Flexibles works for a continuous improvement related to these emissions. Some of the approaches are:

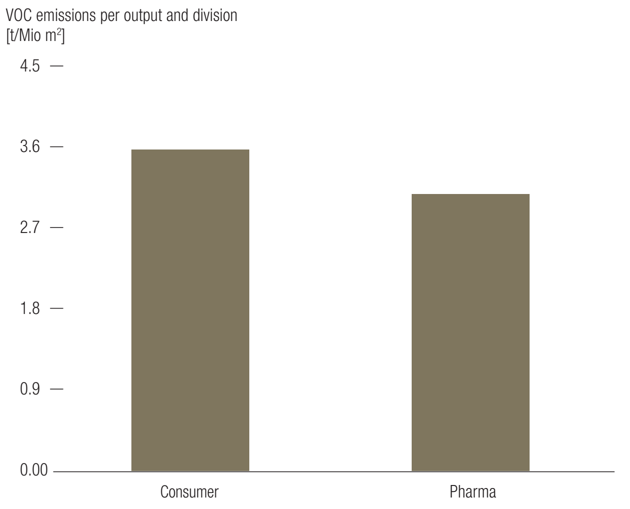
- solvent recovery;
- Regenerative Thermal Oxidizers (RTO); and
- organic solvent-free technologies.

In this context the company has installed RTO facilities in several plants, consequently reducing VOC emissions. In 2019, 17 plants used technologies for the recovery of solvents and/or for the avoidance of solvent emissions (14 plants were using RTOs, 12 plants had the possibility to recover solvents at their facilities).

Constantia Flexibles also aims to decrease the overall solvent consumption, *e.g.* by investing in new solvent-free printing technologies in several plants. In 2017 Constantia Flexibles has invested nearly €3 million in the implementation of these technologies at its manufacturing site in Wangen, Germany. The old machines are no longer used and solvent use was completely eliminated from 2018 onwards.

The graph below shows the breakdown of VOC emissions per product output and division. Absolute VOC emissions increased by 23%, while VOC emissions per output increased by 10% compared to 2018. This increase can be attributed to the acquisition of 8 additional production plants using solvents.

VOC Emissions per output and division [t/Mio m^2]



4.3.2.4.8 Permanent innovation in support of Consumer Health and Safety

Description	Mitigation policies and actions	KPIs	2018	2019
Constantia Flexibles transforms this requirement into strong business opportunities by developing new packaging solutions to satisfy the need of (end-)customers´ Health & Safety for its direct clients (food and pharma industry). Moreover, according the global trends Constantia Flexibles chose to be innovative for – like Urbanization, Emerging middle class, Health, Premium Products and Sustainability, the company recognizes and realizes a lot of further options to improve sustainable packaging by meeting customer´s needs.	Register of regulatory requirements and further internal regulations on Food Safety/Food defense plan (incl. HACCP) and for GMP and hygiene-aspects in production.	*To be defined for 2020*	*Not applicable*	*Not applicable*

Constantia Flexibles believes that the requirements in this field represent a competitive advantage and develops new packaging solutions to satisfy the need of end-customers' health and safety for the company's direct clients (food- and pharma-industry). Constantia Flexibles chose to be innovative to include long term tendencies in its offer – such as Urbanization, Health, Premium Products and Sustainability. Constantia Flexibles recognizes and applies further options to improve sustainable packaging by meeting customer's needs.

In order to mitigate this risk, Constantia Flexibles implemented the following internal procedures and policies:

- register of regulatory requirements and further internal regulations;
- group quality & product safety policy;
- migration & compliance testing;
- food Defense Plan (incl. HACCP);
- certifications and standards (*e.g.* ISO 9001, FSSC 22000, BRC, etc.).

To ensure consumer health and safety, Constantia Flexibles complies with all food and pharma packaging regulations applicable in the respective jurisdictions in which it has a presence. In the two competence centers of the group, analytical Research & Development experts are supported by state of the art analytics and laboratory tests to investigate the safety and compliance of products and set harmonized requirements and procedures to ensure compliance. In particular, these tests related to the supplementation of chemical-analytical capacity with a focus on food contact laws and regulations (*e.g.* migration & compliance testing) can be performed in-house or as requested by the respective regulation or by the food-processing customer at accredited laboratories. After final approval (by the customer) and confirmed acceptance tests, these products are manufactured under GMP (Good Manufacturing Practice) and other standards (*e.g.* BRC/British Retail Consortium) according the respective needs.

Constantia Flexibles also implemented far more detailed global policies and procedures to ensure the appropriate setup and monitoring of local-/plant-related internal processes: Beside certificates for Quality Management (*i.e.* ISO 9001) available for each manufacturing plant, specific central functions of the group described more further advanced measures in relation to Food Defense. In an systematic approach using HACCP-assessments (hazard analysis and critical control points), Constantia Flexibles preventively manages food safety-aspects from biological, chemical, physical hazards and more recently radiological hazards in production processes which may cause an impact to the end consumers´ health and safety *via* the finished product. The results of these assessments are used to design measures to reduce these risks to a safe level. In this manner, HACCP attempts to avoid hazards proactively rather than attempting to inspect finished products for the effects of those hazards.

All internal obligations were implemented throughout all plants and are regularly monitored as well as internally audited regarding their effectiveness based on an annual internal audit plan.

In 2019, Constantia Flexibles launched its new pharma brand campaign "Let's Save Lives Today", that includes an online brand book and a company video providing useful first aid tips. Constantia Flexibles' clients in the pharmaceutical industry invest considerable resources in developing products to safeguard their customers' health and well-being. Constantia Flexibles works closely with them – as partners – to ensure that product quality is not impaired on the way to the patient – therefore protecting the integrity of the medicine that helps save patients' lives. As proliferation of counterfeit drugs is a growing problem worldwide, Constantia Flexibles is tackling this issue head-on with its "Stop Fake Drugs" public awareness campaign and anti-counterfeiting packaging solutions. Anti-fraud elements such as security graphics, holograms and high-level special effects such as security pigments and inks all produce complex optical markers that are extremely difficult to reproduce. Applied properly, they effectively protect people and brands from irreparable damage.

Constantia Flexibles meets the requirements of creating a balance between child safety and easy of access for seniors by developing a child resistant blister lidding foil. Constantia Child Resistant is available in four different applications: Peel & Push, Peelable, Bend & Tear, and Push Through. All four options provide comprehensive protection against moisture, oxygen, and light. They can be customized to meet country-specific regulations.

Furthermore, with its Constantia Interactive App, Constantia Flexibles offers a unique comprehensive solution for interactive packaging in the food and pharmaceutical industries that opens up a multitude of digital communications and marketing opportunities. Using a smartphone app developed specifically for each brand, the consumer scans the packaging for a variety of identifying features such as image analysis, digital watermark, radio frequency identification (RFID) tags, and the like which then appear in augmented reality. The unique character of Constantia Interactive is in its combination of digitally readable packaging material with a digital platform for data management and a smartphone app customizable to a wide range of customer needs. The digital features span from purely informative, such as instructions for use, through videos and games, to contests that can be individually selected by the customer. For medical packaging, the app offers patients direct access to additional information about pharmaceutical products at any time, making it safer to take medication. A chat bot allows patients to submit questions. In combination with a digital anti-counterfeiting identification, Constantia Interactive is also an effective means of identifying counterfeit products. More information about this newly developed app can be found on http://interactive.cflex.com.

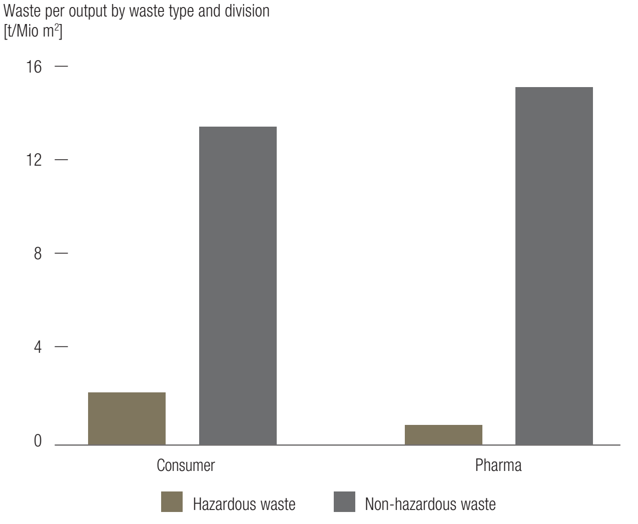
Beside the stringent fulfilment of regulatory and preventive obligations, Constantia Flexibles has a sizeable number of patents and patent applications, illustrating its strong competitive technological status to ensure and protect consumer health and safety.

4.3.2.4.9. Additional environmental indicators not related to main risks (voluntary)

Waste management

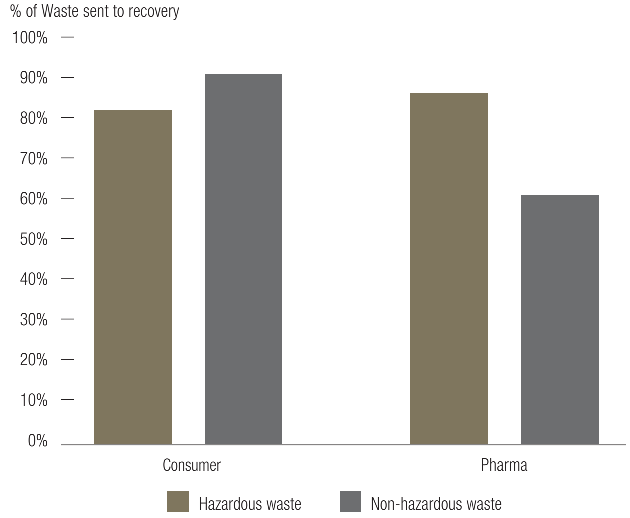
Constantia Flexibles continuously monitors the achievement of implemented waste targets with waste management plans on plant level. The total amount of waste at Constantia Flexibles' sites was 68,513t in 2019, which is a 5% increase compared to 2018. The graphic below shows Constantia Flexibles' waste accrual by division and category per output in 2019.

Waste per output by waste type and division



In 2019, Constantia Flexibles sent 83% of the hazardous waste and 87% of the non-hazardous waste to recovery (recycling, composting and incineration with energy recovery). Compared to the previous year the recovery rates remained stable – in 2018 82% of the hazardous waste and 88% of the non-hazardous waste was sent to recovery. The chart below shows the breakdown of waste sent to recovery by waste type and division.

Waste sent to recovery [%]



4.3.2.5 Vigilance plan

4.3.2.5.1 Risk mapping

In line with the requirements of the French law n° 2017-399 on March 27, 2017, Constantia Flexibles group has included in its vigilance approach the risks of serious violations with regard to the following topics:

- Human Rights and Fundamental freedoms;
- harm to the health and safety of people (covering Constantia Flexibles´ personnel and end-consumers);
- harm to the environment.

In order to perform proper risk-assessments on these topics a specific workgroup was established consisting of representatives from the following departments on group level of Constantia Flexibles: Human Resources, Sustainability, HSSE (Health, Safety, Security & Environment) and Procurement. This team got supported as well by group Controlling and the Compliance Officer of Constantia Flexibles group.

Beside the fact, that Constantia Flexibles performs twice a year a risk run to identify new risks as well as to review listed risks and opportunities with a bottom-up approach (from the operating plants to the group level), the risk map for this vigilance plan is based on the group's core activity represented as "Manufacturing of flexible packaging".

Risks related to Constantia Flexibles' own operations

The detailed identification, analysis and assessment of risks was built up on the related countries where Constantia Flexibles operates their own production facilities. These countries are related to the region "EU-countries", where 18 of all Constantia Flexibles´ production-units are located whereas the group operates another 21 plants in countries outside the European Union like Russian Federation (1), Turkey (1), Vietnam (1), India (9), South Africa (6), the United States (2) and Mexico (1) (the pure country-ratings derived from published information of ILO, etc.)

Risks to the health and safety of individuals (employees and sub-contractors on site, consumers, residents)

Constantia Flexibles understands the health and safety of people, who work with and for it, as well as the protection of its end-consumers´ health and safety as an essential and integrated part of its daily business and success. Therefore, the risks of "occupational injuries and fatalities", "occupational toxics and hazards" were aggregated to the same level like the potential of "industrial (major) accidents" for all locations.

Moreover, Constantia Flexibles ensures the provision of flexible packaging according customers' specifications and regulatory requirements from the food- and pharmaceutical sector. This aspect in terms of "Consumer health and safety" was recognized and mapped as an opportunity (competitive advantage) for which a range of counter measures is already effectively implemented by Constantia Flexibles. Additional business-opportunities for Constantia Flexibles are long-term trends like urbanization, emerging middle class, demand for products that are not harmful to health, premium products and sustainability.

Risks related to the environment

Constantia Flexibles identified the risk of "Climate Change" and "Air pollution" as main risks, beside dealing with the topics and related risks of other environmental issues.

Direct and indirect Greenhouse Gas (GHG) emissions are generated by production processes consuming electricity, gas, fuels, steam and hot water, as well as by upstream and downstream value chain activities, such as purchased goods and services and fuel- and energy-related activities.

Among other tasks relating to corporate sustainability, Constantia Flexibles collects and monitors key data on its internal performance throughout the group. Constantia Flexibles accounts the corporate Scope 1 and 2 emissions with a professional software tool which supports the data collection and emission calculation. The application of this software tool ensures structured and transparent data collection for all production sites located in countries around the world. Constantia Flexibles measures and reports the emissions according the internationally recognized Greenhouse Gas Protocol and is verified by an external consultant for its Scope 1, Scope 2 and Scope 3 calculation methodology. To promote opportunities for reduction of emissions, Constantia Flexibles has set company-wide spanning Greenhouse Gas (GHG) emission reduction goals (see section 4.3.2.5.2 "Regular assessment procedures and mitigation measures").

Constantia Flexibles is aware of the risk of air pollution and the impact of VOC emissions on the environment. These emissions are originated in plants from the usage of solvents. In this context the company has installed Regenerative Thermal Oxidizers (RTO) in several plants and aims to decrease the overall solvent consumption (see chapter 2 – Regular assessment procedures and mitigation measures).

During the risk-assessment to fulfil the requirements for the Duty of Care-framework it was as well identified that the potential risk categories of Raw materials/Resource depletion, Water scarcity and Land/ecosystem/biodiversity destruction can be considered as very low.

Risks related to human rights and fundamental freedoms

Constantia Flexibles, being a manufacturer of flexible packaging by operating in 22 countries worldwide, clearly commits to the compliance with internationally recognized human rights. The categories in which Constantia Flexibles assessed the related residual risks like:

- non respect of freedom of association and collective bargaining (incl. the right to join and form unions and to strike);
- non respect of international labor standards on migrant workers; and
- non respect of data privacy.

These topics were clearly identified as salient due to the company's multi-country business. Following the group´s organization, countries at risk on the above risks are mainly all beyond the borders of the European Union.

Constantia Flexibles recognizes and respects its employees' right to freedom of assembly, as well as their right to elect their representatives freely and independently.

Furthermore, Constantia Flexibles has a zero-tolerance approach to modern slavery which includes various forms like slavery, servitude, forced and compulsory labor and human trafficking, all of which are identified to deprive a person´s liberty by another in order to exploit them for personal or commercial gain.

Due to this specific risk in several countries, the group is committed to acting ethically and with integrity in all its business dealings and relationships by implementing and enforcing effective systems and controls to eliminate potential breaches in its supply chain.

Constantia Flexibles complies with the rules established by the United Nations on human and children's rights as well as commits to offering employment that is free of any form of harassment and bullying. No form of violence or harassment, is tolerated.

Risks related to Constantia Flexibles' purchasing

Constantia Flexibles conducted the identification of risks related to its supply chain for the scope of purchase categories in several stages.

The first stage involved collecting and centralizing key data for each major category of purchases made by group Procurement. The mapping includes the four major categories of procuring goods within Constantia Flexibles, which are "Aluminum", "Film", "Chemicals" and "Paper". Each category represents the amount of goods bought as a share of spending, namely aluminum (about 1/3), films (about 1/3), chemicals (about 1/5) and paper (less than 10%).

The second stage of the mapping process involved ranking the CSR risks – split again into main parts named "Human rights and fundamental freedoms", "health and safety" and "Environment" – and linking and assessing the respective risk to each of the countries from where the suppliers produce the required goods and raw materials.

For this assessment, several internationally recognized and independent data-sources were used like Human Rights Watch (www.hrw.org), the International Labor Organization (www.ilo.org), the Environmental Performance Index provided by the collaboration of Yale and Columbia University (https://epi.yale.edu).

Steered by group Procurement, Constantia Flexibles monitors the main suppliers of raw materials on their extra-financial performance by standardized forms. As part of supplier-selection a self-evaluation form to be filled by the potential supplier addresses core topics related to environmental, social and ethical risks that may arise from their manufacturing and is based on the Code of Conduct of Constantia Flexibles. Further supplier audits performed by Constantia Flexibles at the supplier production-facility follow a standardized set of questions to ensure the adherence to the required standard.

4.3.2.5.2 Regular assessment procedures and mitigation measures

Risks related to Constantia Flexibles' own operations

Constantia Flexibles implemented group wide its Risk and Opportunity Framework with the related policy and setup in 2017. This framework with a bottom-up approach ensures the consistent reporting of risks and opportunities from the plant-level (including each manufacturing unit) by using a group wide-standardized risk-catalogue. On group level, the data of the assessed risks are compiled twice a year to the group risk map by the Group Risk Controller.

Then the process requires, that the reported data needs to be reviewed by the respective group functions, prior to their integration in the group Risk Map.

Therefore, this process considers certain risks which need to be dealt with by the group departments Human Resources, Sustainability/Environment and Health and Safety. Core business-risks from all operating sites (plants) globally will also be collected, assessed and reviewed.

The analysis of those risks consider appropriate mitigation measures and their potential effects at current stage and subsequently describe the level of residual risk.

Constantia Flexibles creates ownership by naming risk-owners, which are those who are responsible for implementing the specified mitigation actions. This includes respective risk-ownership on group as well as on plant-level.

Constantia Flexibles holds a "Risk Committee" meeting and also a "Safety Committee" The "Audit Committee"-(meeting as part of the Supervisory Board), examines all the aspects of Internal Audit covering financial processes, statutory audits, etc. The social risks or degradation of Human Rights (working hours, data privacy, labor conditions, etc.), Health and Safety (accident reports, sick-leave/workers compensation), Environment (waste management, potential areas of pollution, etc.) are also handled by the Audit Committee. Constantia Flexibles experts from other group functions are consulted each time, as necessary.

Risks to the health and safety of individuals (employees and sub-contractors on site, consumers, residents)

Mainly derived from the "List of Main Risks" which can be applied here.

Constantia Flexibles puts Safety as first priority especially at the manufacturing sites, where people who work for and with Constantia Flexibles are exposed to the hazards attached to its operations. Therefore, with regard to the protection of individuals Constantia Flexibles does not distinguish prevention and rules for workplace-safety into the people´s contracts (employees, leased personnel/temporary workers, contractors). Moreover, the constant development of creating and maintaining safe and sustainable working conditions are supported by:

- group Standards like group HSSE Policy and underlying HSSE-Standards applicable for all subsidiaries;
- group Reporting process for accidents including standardized templates;
- defined group Terms & Definitions which underpin the need of common understanding and set of performance-figures throughout all countries where Constantia Flexibles operates, regardless the individual, national requirements;
- minimum set of HSSE-related topics integrated into site-visits/-audits performed by HSSE and Group Internal Audit.

For all Constantia Flexibles group standards set as group wide procedures an internal Document Control System provides the latest version on the Constantia Flexibles Intranet-pages. Beside this data-base, ongoing trainings have to be attended online by all management-functions about core business-policies, for example the Code of Conduct.

Further group departments such as Operations Development as part of the Global Operations-department ensure the constant implementation of technical improvements considering technical safety beside efficiency and operational excellence (for example, in the field of fire protection).

Risks related to the environment

Constantia Flexibles has a comprehensive sustainability policy in place, which includes an annex that details actions and measures implemented to work on the company's commitments and core targets. Furthermore, the Code of Conduct and Code of Conduct for Suppliers include clauses on environment and responsible sourcing, reflecting and outlining the importance of sustainability in the company's written principles to internal and external stakeholders.

To promote opportunities for a reduction of emissions, Constantia Flexibles has set a company-wide spanning goal of a 40% reduction in Greenhouse Gas (GHG) emissions by 2023 (Scope 1 and 2 emissions per square meter produced, setting 2005 as reference year). Furthermore, in 2017 Constantia Flexibles developed a group-wide absolute emissions reduction target, which was approved by the Science Based Targets initiative in 2018. Constantia Flexibles commits to reduce absolute Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions 24% by 2030 and 49% by 2050 from a 2015 base-year.

As more than half of the Scope 1 and 2 emissions are occurring as a result of electricity consumption (Scope 2), Constantia Flexibles is in close contact with its electricity suppliers with the aim to increase the share of purchased electricity coming from renewable resources. To mitigate the risk of "Air Pollution", Constantia Flexibles has installed Regenerative Thermal Oxidizers (RTO) in several plants, consequently reducing the VOC emissions. Moreover, Constantia Flexibles also aims to decrease the overall solvent consumption in several plants by investing in new solvent-free printing technologies.

In addition to the assessment of direct and indirect emissions occurring due to the activities of the Constantia Flexibles group, the indirect emissions caused by processes up-and downstream of the supply chain (Scope 3 emissions) are evaluated. Purchased goods used to manufacture Constantia Flexibles' products represent the most important element of Scope 3 emissions of the company. Constantia Flexibles therefore sees collaboration throughout the value chain (*i.e.* in order to implement responsible sourcing certifications) as an important component of a comprehensive approach to sustainability.

Constantia Flexibles is thus a founding member of initiatives such as the "Aluminium Stewardship Initiative" (ASI), which works towards responsible production, sourcing and stewardship of aluminum, following a comprehensive value chain approach. Constantia Teich as the biggest production plant within the group and located in Austria, has become the first aluminum foil roller and packaging converter and the first European company to be certified according to ASI's Performance Standard for environmental, social and governance performance. ASI Certification of the Constantia Teich facility signifies that Constantia Flexibles' practices meet the industry's highest standards.

Constantia Flexibles is also a founding member of CEFLEX (A Circular Economy for Flexible Packaging). As part of this project, Constantia Flexibles intensively works on further enhancing the performance of flexible packaging in the circular economy. CEFLEX is the collaborative project of a European consortium of companies and associations representing the entire value chain of flexible packaging. Project goals set for 2020 and 2025 include the development of robust design guidelines for both flexible packaging and the infrastructure to collect, sort and recycle them.

As an additional mitigation action, Constantia Flexibles joined the New Plastics Economy (NPEC), an ambitious initiative led by the Ellen MacArthur Foundation, which brings together key stakeholders to rethink and redesign the future of plastics. Constantia Flexibles is an active member participating in several pioneer projects, which gives the opportunity to accelerate the fulfilment of market- and customer needs. As part of the New Plastics Economy "Global Commitment", Constantia Flexibles pledges that 100% of its packaging will be recyclable by 2025.

Risks related to human rights and fundamental freedoms

The biggest part of risk-categories relates to this chapter and could impact people working with and for Constantia Flexibles at all organizational levels and in all countries where the group operates in their manufacturing sites.

The sub-categories for which the country-related risks were assessed are built up as follows:

1 forced labor;

2 child labor;

3 non respect of freedom of association and collective bargaining (incl. the right to join and form unions and to strike);

4 non equal opportunities and discrimination;

5 non respect of indigenous population rights;

6 non respect of international labor standards on migrant workers;

7 risk of withholding identification documents;

8 non respect of data privacy;

9 excessive working hours;

10 unfair wages;

11 inadequate social benefits and social security;

12 harassment and abuse/disciplinary practices.

Due to established regulations and deployed standards, all countries belonging to the European Union could be rated less high for their inherent risks of above stated topics.

The final assessment then reflecting the analysis at the company level resulted in a higher risk in the categories of 3, 6 and 8 compared to the risk of risks as listed above.

Nevertheless, Constantia Flexibles implemented group wide – which means globally throughout all subsidiary companies – internal standards and built up specific reporting lines of key performance indicators, which are compiled at group level.

As one of the key documents, the Code of Conduct covers most of the topics within the whole group. However, during the assessments performed for the Duty of Care framework, the potential of further improvements with regard to the minimum standards about excessive working hours, and unequal salaries.

Risks related to Constantia Flexibles' purchasing (includes chapter 3.2.)

For fulfilling the Duty of Care-requirements and for describing the several kinds of assessment procedures, Constantia Flexibles identified following implemented fields of activities and procedures. All purchase categories were summarized to be classified commonly as "industrial manufacturing" (B2B only):

- the potential risks related to "Human Rights and Fundamental freedoms", "Health and Safety" as well as "Environment" are effectively covered by the binding CSR-related purchasing charter named "Code of Conduct for Suppliers", for which Constantia Flexibles requires all suppliers to adhere to in principle;
- integration of mandatory minimum requirements of CSR-terms and conditions included in the contracts and purchase orders;
- furthermore, group procurement performs supplier-audits at their production-sites and request them to fill a self-assessment form named "preaudit questionnaire".

4.3.2.5.3 Alert mechanism

In the year 2008 Constantia Flexibles implemented a whistleblower hotline. It is outsourced to a dedicated service provider which deals as first point of contact for all incoming e-mails and calls. The law service provider is held to strict confidentiality obligations and able to answer in most languages spoken within the Constantia Flexibles group and its affiliates worldwide. Every alert is then forwarded (depending on the whistleblower's request) Constantia Flexibles' compliance team.

This system in place aims to encourage employees and leased personnel/temporary workers to report any concerns regarding unethical behavior or any human rights violations or environmental damage.

Covering as well the French law "Sapin II" on corruption and anti-bribery aspects, Constantia Flexibles provides a description of this whistleblowing system made available through the intranet. Especially *via* the "Code of Conduct for Suppliers" Constantia Flexibles ensures this information to be forwarded to their employees and other contractors.

4.3.2.5.4. Monitoring system of implemented measures and assessment of their effectiveness

Constantia Flexibles implemented several systems and standardized their monitoring throughout all operating facilities.

Trainings and awareness-raising campaigns were identified by Constantia Flexibles as useful tools. For example, with regard to the document seen as a basement for the "Duty of Care" framework, which is the Code of Conduct, Constantia Flexibles provides annual web-based trainings about the requirements including a (anonymous) test which needs to be passed with at least 80% correct answers to finish successfully the online-training session.

For ensuring the effectiveness of Constantia Flexibles Duty of Care-framework, especially group functions introduced specific measures:

- group Procurement conducts supplier audits on site based on defined criteria and performs recurring internal risk-assessments on the defined purchase-categories Aluminum, chemicals, films, etc.;
- the group Sustainability-team collects and monitors all key environmental indicators for Constantia Flexibles and tracks the performance throughout the group;
- the group wide consolidation platform used as database provides and includes consistency checks and requests to upload evidence documents for reported data from the operating units;
- the department group Human Resources as well as other disciplines like HSSE (health and safety) benefit from the participation of several operating units in SEDEX, which is one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains, used by more than 50,000 members in over 150 countries. Third-party auditing companies perform so-called SMETA (Sedex Members Ethical Trade Audit) at the production-sites on behalf of SEDEX, which are set up as 4 pillar audits covering Labor Standards, health and safety, Business Ethics and the Environment;
- the department group HSSE (health and safety) implements group standards to fulfil the targeted management system based on the Constantia Flexibles vision of ZERO LOSS – NO HARM. Moreover, the group wide KPIs-set to be monitored on monthly basis include as well the opportunity of sharing lessons learned *via* events (accidents like Lost Time Injuries (LTI)), detailed audits on site and cross-checks with observations and findings identified by the department Group Internal Audit on site. This department provides an internal self-assessment matrix which needs to be filled by the operating units and performs frequent site-visits as part of the activities for ensuring internal compliance to the standards of Constantia Flexibles, which is the Code of Conduct and its elements considering human rights, health and safety and environmental aspects.

Auditing against the required standards performed by independent parties ensures for Constantia Flexibles to close the cycle and constantly learn. These audits performed for SEDEX, necessary for obtaining any certificate based on ISO-standards or for other customer-related packaging-requirements like BRC (British Retail Consortium) give Constantia Flexibles the opportunity to continuously improve globally while ensuring the reliability of its Duty of Care.

4.3.2.6 Reporting scope & methodology

The reporting scope considers all legal entities including 36 production sites in 16 countries and several office-based locations (*e.g.* Headquarters, Sales-offices, Holding locations) worldwide which were part of the Constantia Flexibles group in 2019.

Correspondingly, all legal entities and office-locations of the Constantia Flexibles group (in 22 countries) were considered for the Human Resources-related data and information, whereas following exclusions apply:

- latest acquired subsidiaries like "Creative Polypack" group with its 8 production facilities in India are fully covered by all disciplines´ data for the whole year 2019;
- whereas "Constantia TT" in Russia and the newly built production-facility named "Parikh Flexibles" in India are only partly covered in terms of available data related to their later reporting-starting point during the year. Constantia TT is not included in Human Resources related data, as there was no data coverage of the full year 2019;
- the scope of environmental reporting includes 36 production-facilities in 16 countries (office-locations are not considered);
- for H&S-related reporting, major office locations like headquarters of Constantia Flexibles as well as all three offices of "Constantia Business Services" (located in Austria, Germany and Poland) are fully considered beside all production-sites;

- one production-facility from Afripack group (South Africa) had to be (partly) excluded compared to 2018 due to its closure end of April 2019; only HSSE-related data (incidents, hours worked) got considered for the annual safety-performance report.

Social

Employment

The employee hire rate is calculated by counting the number of hires (Headcount) during the reporting period, divided by the number of employees (Headcount) at the end of the reporting period, multiplied by 100.

The employee turnover rate is calculated by counting employees (Headcount) who left the group during the year in reference to the number of employees (Headcount) employed at the end of the year, multiplied by 100.

Health and Safety

LTIFR is measured by calculating the number of Lost Time Injuries (LTI) resulting in at least one full day lost per 1 million hours worked (combined for own employees and leased personnel/temporary workers).

Environment

Energy

The following energy sources are included in the total energy consumption: Natural gas, LPG, diesel, heating oil, petrol, other fuels, electricity, steam and hot water. Fossil fuel consumption is expressed in MWh Lower Heating Value (LHV).

In 2019, 17 plants used technologies for the recovery of solvents and/or for the avoidance of solvent emissions (14 plants were using RTOs, 12 plants had the possibility to recover solvents at their facilities). Energy recovery (where applicable) from these RTOs is not included in the energy calculations.

Scopes 1, 2 and 3

The CO_2 emissions' calculation is based on Scope 1, Scope 2 and Scope 3 as defined by the Greenhouse Gas Protocol Initiative (Corporate Value Chain Accounting and Reporting Standard). The standard provides requirements and guidance for companies and other organizations to prepare and publicly report a Greenhouse Gas (GHG)-emissions inventory.

VOC Emissions

The evaluation of VOC Emissions is based on the French *Guide d'élaboration d'un plan de gestion des solvants* – Révision no. 1 and is calculated as follows:

- VOC total emissions: I1 (solvents consumption) – O5 (eliminated/bound solvents) – O6 (solvents in collected waste) – O7 (solvents in products sold) – O8 (recovered and sold solvents).

In 2019, 17 plants used technologies for the recovery of solvents and/or for the avoidance of solvent emissions (14 plants were using RTOs, 12 plants had the possibility to recover solvents at their facilities).

Waste generation and disposal methods

The data on waste generation were defined according to GRI (Global Reporting Initiative) and collected in a mass unit:

- hazardous waste: hazardous waste as defined by national legislation at the point of generation;
- non-hazardous waste: all other forms of solid or liquid waste that are not considered as hazardous waste by national legislation at point of generation. Wastewater discharged into sewers is not included;
- waste sent to recovery: waste which was handed over to an external contractor who has ensured that the waste was recycled, composted or incinerated with energy recovery.

Recyclability of product portfolio

Recyclability of product portfolio is calculated using the following formula: Recyclability of product portfolio (%) = Recyclable output [m^2]/ sold output [m^2].

4.3.3 Cromology

4.3.3.1 Cromology business model

Cromology is a European decorative paints company with a direct presence in 9 mainly European countries. Cromology designs and manufactures decorative paints for professionals and consumers.

With nearly 3,300 staff, 7 research laboratories, 10 manufacturing sites and 9 logistics platforms, 390 integrated points of sale and over 8,500 partner points of sale (independent retailers and major DIY stores), Cromology records net sales of €668 million.

Mission: To protect and sustainably improve living spaces by elevating the technical and aesthetic know-how of Cromology customers, to contribute to the well-being of all.

Outlook: Thanks to a premium customer experience, high quality products, Cromology's ambition is to develop its presence in the decorative painting sector, particularly in Europe, while taking care to minimize its environmental footprint.

Strategy: two growth drivers:

- organic growth, across all relevant distribution channels in each country, both physical and digital;
- growth through the acquisition of paint manufacturers and distributors in Southern Europe and neighboring countries.

CROMOLOGY

SHAREHOLDER GOVERNANCE

SHAREHOLDING : WENDEL 100%

6 members — **1** independant member — **1** woman since January 2020

2019 REVENUE

€667.8m

MISSION

To protect and sustainably improve living spaces by elevating the technical and aesthetic know-how of our customers, to contribute to the well-being of all

VALUES

Safety
Excellence
Respect
Customer satisfaction
Imagination
Collective spirit
Simplicity

ENVIRONMENTAL PERFORMANCE

60% of plastic packaging purchased in France are recycled plastics

80% of sales with water-based products

60% of sales on products developed during the last 3 years have been realised with eco-friendly products

RESOURCES

HUMAN CAPITAL

3,300 employees in over 9 countries,

- 69% in France,
- 22% in Southern Europe,
- 9% other countries

CERTIFICATIONS / MANAGEMENT SYSTEMS

100% of industrial sites are OHSAS 18 001 certified

PURCHASES

- Raw materials and packaging
- Trade products (painting tools and equipment, floor coverings)

USE OF RESOURCES

PRODUCTION & LOGISTICS

10 production sites

9 logistics centers

Transport sub-contractors

SALES AND MARKETING

Portfolio of recognized brands - Leading BtoB brands in their respective countries: **Tollens** (FR), **Max Meyer** (IT), Robbialac (POR), etc.

Distribution partners: independant distributors and DIY stores

OUTPUT

PRODUCTS

- Interior paints
- Exterior paints
- Technical paints
- External thermal insulation

CUSTOMERS / END USERS

- Prescribers : architects
- Professional painters
- Consumers
- Public/private builders

KEY

Key partners
External resources
Internal resources
Sales flows (Cromology-manufactured products)

OPERATIONAL GOVERNANCE

MANAGEMENT TEAM

9 members **11**% women

77%
of industrial and logistics sites are ISO 14 001 certified

INTELLECTUAL CAPITAL

16.5 h
of training per employee

R&D

100
R&D engineers and technicians

7
research laboratories

› 23% of sales generated from products developed in the last 3 years

Private certification laboratories issuing eco-labels

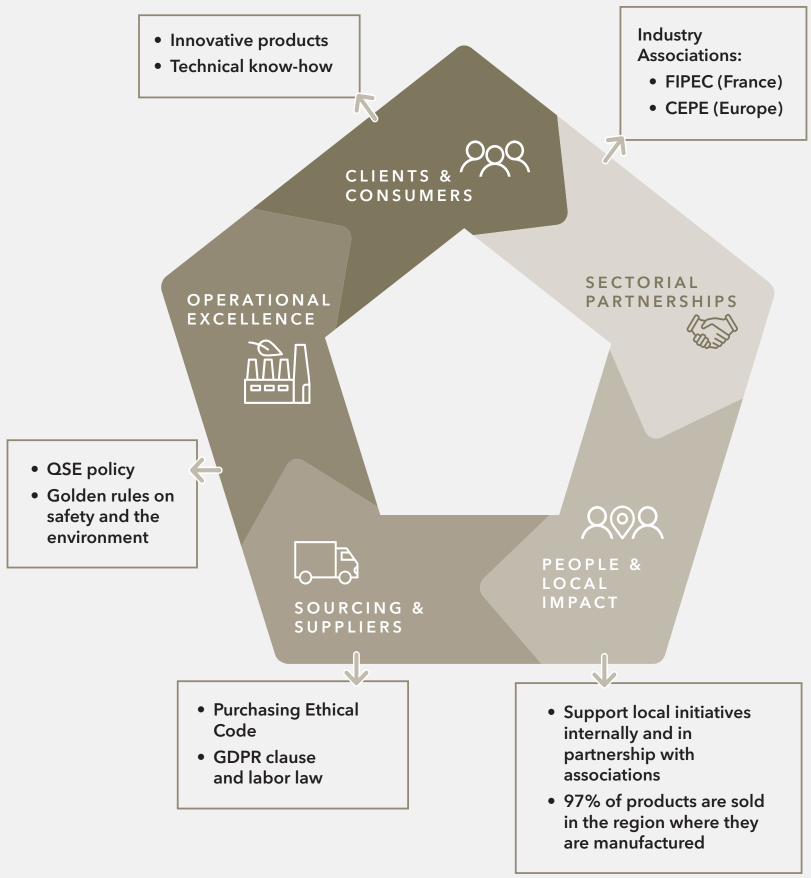
Private university laboratories
> Detection of emerging technologies

INTEGRATED DISTRIBUTION

390 integrated stores › 60% of sales

E-commerce platforms for the group's brands

Value creation for external stakeholders



4.3.3.2 Commitments for a responsible enterprise

4.3.3.2.1 General policy

Cromology's ambition is to combine economic performance and responsible commitment. This approach, launched in 2010, is based on 7 axes:

- supporting customers in their sustainable development efforts;
- innovating and offering products and services that are more respectful of the environment and users;
- optimizing the use of resources in products and processes;
- limiting the impact on the environment;
- strengthening the environmental management system;
- acting for and with employees;
- strengthening its presence in the local community.

To achieve this, Cromology draws on 7 values[1] defined in 2014 to guide its action. These guide the initiatives, decisions, choices and day-to-day conduct of Cromology's people. These values are:

- safety first;
- excellence;
- universal respect;
- customer satisfaction;
- imagination;
- collective spirit;
- simplicity.

4.3.3.2.2 Management's commitment

"Cromology's mission is to protect and sustainably improve living spaces.

On a daily basis, Cromology's teams help their customers, professionals and consumers, to implement their technical and aesthetic know-how to improve the comfort and well-being of the inhabitants while prolonging the life of their property.

This conviction means that, as a developer, manufacturer and distributor of decorative paints, Cromology is conscious of its responsibility to all of its stakeholders (internal and external).

Cromology's commitment to sustainable development is in step with our aim to combine long-term economic performance with:

- the safety and development of its employees and sub-contractors;
- nature preservation; and
- dialogue with the community.

Cromology also conducts voluntary research and development aimed at offering more environmentally friendly products that go above and beyond the regulatory framework.

For example, in 2019, 60% of revenue from new products was generated from eco-certified products. As part of product innovation Cromology systematically considers whether to eco-certify its new paints or make new products to meet or anticipate the needs of customers in a given country, as was the case with its pollution-removing interior paint in Southern Europe.

Cromology also affirms its commitment as a corporate citizen mindful of the impact of the work done in its research laboratories, manufacturing sites and logistics platforms by seeking industry certifications. All of its industrial facilities are certified OHSAS 18001 (occupational health and safety) while 70% are certified ISO 9001 (quality) and 77% ISO 14001 (the environment). More broadly, Cromology aims to obtain triple quality, health and safety and environmental certification for all its activities. It achieved this in France in 2018 with the triple certification of all of its manufacturing activities, including support functions (procurement, technical assistance, accounting, finance and human resources).

Responsible development is something we experience a little more every day, and I am convinced that by respecting Cromology's CSR commitments in each of our business lines, we are making a positive contribution to the entire ecosystem we inhabit."

Loïc Derrien

CEO of Cromology

(1) A detailed definition of each of Cromology's values is available at http://www.cromology.com/qui-sommes-nous/nos-valeurs.

4.3.3.2.3 CSR Governance

In 2015, Cromology formed a CSR Steering Committee. It is composed of the Heads of the Supply Chain, R&D, HR, Legal, QSE and Communications departments. It defines and manages the group's CSR strategy.

In addition to this centralized CSR effort, each Cromology subsidiary develops its own long-term approach, with CSR managers.

This local connection ensures that the commitments made are relevant and that they are quickly adopted and implemented by all teams.

4.3.3.2.4 EFPD Methodology

Internal stakeholders from the Safety, Industrial Procurement, Internal Audit, Legal and Human Resources teams were asked to identify the policies already in place at Cromology to anticipate and reduce the risks identified, together with the indicators used to monitor the performance of these policies.

The CSR Steering Committee met four times in 2019 to update the list of risks. A strategic reflection on Human Resources and talent management led the Committee to change the risks identified in this respect: the two risks identified in 2018 (related to "staff absenteeism" and "quality of service and business performance") are now included in the risks "related to the lack of employee engagement".

The 12 key risks identified, validated by the group's Executive Management, are:

- risks related to the lack of employee engagement;
- risks linked to Personal Safety;
- risks linked to security of industrial process and marketing at points of sale;
- risks associated with water and soil pollution or with the contamination of water and soil by restricted substances;
- environmental and health and safety risks associated with the release into the air of restricted substances (VOCs) or carcinogenic substances;
- risks associated with the hazardous waste generated by the activity;
- suppliers' environmental and health and safety risks;
- risks associated with the transportation of hazardous products;
- raw materials regulatory risk;
- risks associated with products not being in line with market needs;
- risks associated with the handling of personal data;
- risks related to corruption.

Given the nature of its activities (industrial paints), Cromology considers that "the fight against food insecurity, respect for animal welfare, responsible, fair and sustainable food and the fight against food wastage" do not constitute a main CSR risk and thus do not need to be developed in this management report.

4.3.3.2.5 Overview of Cromology's risks, policies and extra-financial indicators

CSR topics	Extra-financial Risks	Risk description	Mitigation policies and actions	KPIs.	Related paragraph
HEALTH AND SAFETY (Wendel historical priority)	Risks linked to Personal Safety.	Risks within Cromology's sites relating to the health of employees or subcontracted employees, and to the reception of the public at points of sale.	Group QSE policy signed by the CEO and preventive actions. Golden rules safety and environment.	Frequency rate of accidents with days lost (LTIFR). Frequency rate of accidents of all work-related accidents. Severity rate of accidents.	4.3.3.5.2
	Risks linked to security of industrial process and marketing at points of sale.	Risk of an accident occurring on a production or logistics site or at a point of sale, such as a fire or an explosion.	Implementation of measures to anticipate and reduce risk described in particular in the QSE policy, as well as a crisis unit to plan for help in the event of an incident. Establishment of an internal operations plan (IOP).	Deployment of the 5S method in points of sale (%). Insurance audits performed (%). % of industrial sites with OHSAS 18001 certification.	4.3.3.5.3
ESG PERFORMANCE OF PRODUCTS AND SERVICES (Wendel historical priority)	Risks related to regulatory changes in relation to raw materials.	Regulatory risk associated with raw materials, leading to the prohibition of a raw material or restriction of the use thereof, or to the taking of increased protective measures. The potential impact is economic.	Regulatory watch.	Number of raw materials involved. Volume of raw materials involved.	4.3.3.8.1
	Risks associated with products not being in line with market needs.	Among those long-term trends noted by Cromology, consumer demand for products which are ever more environmentally-friendly has been identified for several years now. In this context, constant innovation is necessary to ensure the launch on the market of a range of paints with ever-improving environmental impact profiles.	Regulatory monitoring and innovation	Percentage of revenue generated by products launched within the last three years. Share of recycled plastic in plastic packaging purchased by Cromology in France. Share of revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years). Share of revenue generated by eco-certified products in total sales. Share of revenue generated by water-based products in total sales.	4.3.3.8.2

CSR topics	Extra-financial Risks	Risk description	Mitigation policies and actions	KPIs.	Related paragraph
ENVIRONMENTAL	Risks associated with water and soil pollution or with the contamination of water and soil by restricted substances.	Risk related to the volume of effluent released into water or soil pollution, a risk related to an accidental spill or a risk of non-compliance with local regulations in force.	Regular assessment of waste is carried out. It is reinforced for those sites with waste values above the regulatory thresholds, and an action plan is formalized for these sites.	% of ISO 14001-certified industrial and logistics sites. Total Suspended Solids (TSS) (metric tons). Chemical Oxygen Demand (COD) (metric tons).	4.3.3.6.2
	Environmental and health and safety risks associated with the release into the air of restricted substances (VOCs) or carcinogenic substances.	Emissions of certain substances liable to harm human health (*via* inhalation) or fauna and biodiversity.	Member of the European Industrial Association of Paint Manufacturers CEPE, Cromology participates in the working group on biocide users. Risk control actions (wearing personal protective equipment, collective protection).	Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT). CO_2 emissions – Scope 1 (metric tons CO_2-eq). CO_2 emissions – Scope 2 (metric tons CO_2-eq). CO_2 emission ratio – Scope 1 (metric tons CO_2-eq/kT produced). CO_2 emission ratio – Scope 1+2 (metric tons CO_2-eq/kT produced). NOx emissions (metric tons). SOx emissions (metric tons).	4.3.3.6.3
	Risks associated with the hazardous waste generated by the activity.	Management of hazardous waste generated by production sites and distribution networks that is potentially harmful or dangerous to human health and the environment.	ISO 14001 Certification, Hazardous Waste Management System, Participation in Eco-DDS through an eco-tax.	Waste produced (% of production volumes). Hazardous waste produced (% of production volumes). Ratio of DDS eco-tax paid each year per metric ton declared (€/T)[3].	4.3.3.6.4
SOCIAL	Risks related to the lack of employee engagement.	The level of employee engagement is key to the development of the business.	Actions for employee engagement (compensation, training).	Absenteeism rate in calendar days (AR1) (%). Absenteeism rate in days worked (AR2) (%). Share of departures at employee initiative (%).	4.3.3.4.2
COMPLIANCE	Risks associated with employee corruption (Sapin 2 law).	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation.	Implementation of a global system aimed at developing a culture of compliance and to support employees in understanding the rules, identifying risk situations and defining appropriate conduct (Anti-Corruption charter, Training, Coaching).	*Indicator to be defined in 2020.*	4.3.3.10
	Risks associated with the handling of personal data.	Risks related to the GDPR regulations for the protection of personal data. The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation.	GDPR Committee, Classification of data collected according to the GDPR standard, Data processing register, Precautionary measures (IT charter, Communication, Contracts).	*Indicator to be defined in 2020.*	4.3.3.9

CSR topics	Extra-financial Risks	Risk description	Mitigation policies and actions	KPIs.	Related paragraph
SUPPLY CHAIN	Suppliers' environmental and health and safety risks.	The potential impact for Cromology concerns experiencing interruptions to supplies if any supplier production site is impacted and, therefore, to see its own production capacity impacted.	Formalization of a requirement through the signature of a Responsible Purchasing charter by the main suppliers, and a Purchasing Ethics charter by the employees of the purchasing department. Definition of an annual Purchasing progress plan.	Percentage of Purchasing employees who have signed the Purchasing Ethics charter (%). Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter. Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter. Percentage of trading contracts containing a clause on compliance with GDPR and labor law (%).	4.3.3.7.1
	Risks associated with the transportation of hazardous products.	Risk of non-compliance, and environmental risk. The potential impacts include the interruption of business or a criminal law risk in the event of non-compliance further to a check on the transport sub-contractors.	Compliance with ADR regulations, annual reports by the safety adviser, checks during loading by transporters.	Percentage of Cromology personnel trained in ADR among those to be trained (%).	4.3.3.7.2

4.3.3.3 Human resources

4.3.3.4.1 Organization

Human resource management is decentralized at Cromology. The HR department in each subsidiary coordinates HR policy, which is implemented locally in every country where the group has a sales and/or industrial presence.

Cromology's HR Director promotes collaborative work by driving the community of HR Directors to facilitate the adoption of best practices.

Given France's share in the group, the HR Directors for France report directly to the Group HR Director, with weekly meetings to exchange information and manage cross-functional projects.

Cromology's HR department defines, disseminates and checks key HR processes such as recruitment and annual appraisals, and ensures that they are applied.

Salary increases and variable compensation paid to the 100 or so top managers at Cromology are proposed and examined for approval each year, following a centralized procedure. The 100 most important positions in the group are benchmarked using a job factor evaluation system, and their compensation is compared to each local market.

The HR department in each subsidiary or business unit also assumes the following responsibilities:

- support and apply Cromology's commitment to safety and ensure that its organization functions in a way that reflects the Cromology culture and values;
- facilitate the development of each individual in an organization to promote the taking of initiatives and responsibility;
- ensure that all of the human resources processes defined by the Group HR department (for example, the annual appraisal interview, or "HR1") and the procedure for salary evaluations and increases are applied at all levels of the company hierarchy;
- implement measures to increase employee involvement and training plans suited to the subsidiary's growth strategy;
- promote and implement compensation policies that are consistent with benchmarks in the markets in which the subsidiary operates;
- prevent all forms of discrimination and ensure compliance with and enforcement of labor laws.

4.3.3.4.2 Risks related to lack of engagement by Cromology employees

Risk description	Mitigation policies and actions	KPIs	2018	2019
The level of employee engagement is key to the development of the business.	Actions for employee engagement (compensation, training)	Absenteeism rate in calendar days (AR1) (%)	3.9%	4.45%
		Absenteeism rate in days worked (AR2) (%)	NA[1]	4.90%
		Share of departures at employee initiative (%)	71.19%	45.8%

(1) Data unavailable for 2018, this is a new indicator for 2019.

Risk description

This risk is identified on employees, Cromology's primary capital. They enable it to provide the best possible quality of service to customers on a daily basis. Their level of engagement is key to the development of the business.

Risk reduction policy and action plans

The Human Resources department implements measures aimed at increasing employee engagement, ensuring their consistency with Cromology's growth strategy:

- variable compensation systems for the sales functions of the integrated networks: sedentary (point-of-sale teams), itinerant (ATC) and their management;
- compensation levels in line with the labor market;
- training plans.

Key performance indicators

- The absenteeism rate in calendar days (AR1) is 4.45%; the absenteeism rate in days worked (AR2) is 4.90%.
- Share of departures at employee initiative (resignations, retirements) was 45.8% in 2019.

Although the absenteeism rate in calendar days (RA1) increased from 3.9% (2018) to 4.45% (2019), the share of departures at employee initiative decreased significantly from 71.19% in 2018 to 45.8% in 2019.

4.3.3.4.3 Other employee-related information (voluntary measure)

Demographics

In 2019, the number of Cromology employees fell by 9%, mainly due to the need to lower structural costs and improve competitiveness. This decrease is due to the implementation of a procedure for authorizing hiring at the company and the implementation of two restructuring plans, one in France and the other in Italy.

Cromology's scope remained identical between 2018 and 2019.

Hiring, training and professional development

In 2019, Cromology hired 362 new employees on permanent contracts of which 89 employees had their fixed-term contracts transformed into permanent contracts.

Each subsidiary develops its training policy locally, based on the development needs of the Company and its staff.

Cromology regularly trains its employees to help them build their skills and employability. Although undergoing restructuring, Cromology continued its training efforts. In 2019, 84% of the group's employees took part in at least one training session, against 73% in 2018. The average number of training hours per employee was 16.5 hours.

Remuneration

In 2019, personnel costs decreased in comparison with 2018 due to the fall in employee numbers. Personnel costs represented 25.8% of Cromology's revenue. They represented 27.7% in 2018.

Freedom of association

In accordance with local regulations, Cromology allows employees unrestricted access to their representative, consultative and labor-management bodies in all of the group's subsidiaries.

Summary of human resources indicators (voluntary)

Indicators	2018	2019[(1)]
Training		
Number of employees having completed at least one training program	2,661	2,785
% of employees having completed at least one training program	73%	84%
Average number of training hours per employee	15.5	12.3
External training costs as a% of payroll	0.83%	0.57%

(1) *Training: As of 2019, the training indicators take into account Health & Safety training. The 2018 data presented in this table do not take these training courses into account.*

Indicators	2018	2019
Demographics		
Group workforce	3,647	3,319
of which permanent contracts	*3,504*	*3,205*
of which permanent contracts (as a %)	*96.1%*	*96.5%*
of which fixed-term contracts	*143*	*114*
of which fixed-term contracts (as a %)	*3.9%*	*3.4%*
of whom women	*1,085*	*969*
of whom women (as a %)	*29.8%*	*29.2%*
of whom men	*2,562*	*2,350*
of whom men (as a %)	*70.2%*	*70.8%*
New hires in the group[(1)]	542	362
of whom women	*184*	*105*
of whom women (as a %)	*33.9%*	*29.0%*
Departures from the group[(2)]	614	648
of whom women	*174*	*196*
of whom women (as a %)	*28.3%*	*30.2%*
Breakdown of staff by geographic region		
France *(including Belgium and Luxembourg)*	68.7%	68.8%
Southern Europe (Spain, Italy, Portugal)	22.5%	22.5%
Other countries (Morocco, Switzerland)	8.9%	8.7%
Personnel expense as a% of sales	27.7%	25.8%

(1) *Permanent contract + fixed-term contracts converted into permanent contracts + internal transfers + acquisitions.*
(2) *Permanent contracts only.*

4.3.3.5 Health and safety

4.3.3.5.1 Organization

On a group level, Health and Safety policy is managed by the QHSE department to ensure standardization of procedures, the sharing of best practices, and the monitoring of changes in regulations in different countries. It has been designed in the context of the continuous improvements process linked to the OHSAS 18001 standard under which all industrial sites are certified. The policy has been implemented in all entities, led by the QSE coordinator of each country, or by each QSE site manager in France.

4.3.3.5.2 Risks linked to personal safety

Risk description	Mitigation policies and actions	KPIs	2018	2019
Risks within Cromology's sites relating to the health of employees or subcontracted employees, and to the reception of the public at points of sale	Group QSE policy signed by the CEO and preventive actions Golden rules safety and environment	Frequency rate of accidents with days lost (LTIFR)	5.93	6.24
		Frequency rate of accidents of all work-related accidents	7.52	8.27
		Severity rate of accidents	0.28	0.34

Description of risks

These are risks occurring on Cromology sites:

- in relation to the health of employees or of sub-contractors' employees, connected to accidents in the context of their work (manual handling, driving, vans, etc.) on a group site (factory, point of sale, office);
- in relation to the health of employees connected to the handling of or exposure to hazardous chemicals, including all regulated Raw Materials (CMR, SVHC, Harmful, Toxic, etc.); and
- in relation connected to contact with the public at points of sale.

The potential impact of these risks is two-fold:

- financial, *via* the direct and indirect commercial cost generated by a workplace accident;
- reputational, *via* the negative publicity that would be circulated to stakeholders by the poor management of Employee Health and Safety.

Risk reduction policy and action plans

For its employees, Cromology's core value is "safety first" and it has introduced a QSE policy signed off by the CEO which sets out the commitments made by Cromology and its subsidiaries.

Preventative actions include:

- safety and environment *Golden Rules* which employees must adopt from the initial interview with his or her manager during the on-boarding process. The *Golden Rules* have been established in response to feedback. They cover those situations which are the most common and aim to provide better control over the risks of its business activities as producer and distributor. They are shared across all of the group's activities;
- training in safety and posture and movements, which is provided to each employee as part of the on-boarding process;
- regular awareness-raising activities provided daily (for example, warm-up exercises on production and logistics sites), weekly (safety news, safety update), monthly (during the monthly launch in the distribution networks) and annual (audits in the context of the ISO 9001, ISO 14001 and OHSAS 18001 certifications and World Day for Safety and Health at Work);
- a system for the escalation of dangerous situations/near-accidents and improvements so that safety and the working environment can be managed on a day-to-day basis;
- mandatory in-house training on health and safety at work;
- monthly self-assessment procedures for drivers;
- the introduction of collective and individual protection for employees.

Cromology has points of sale and show-rooms; and It takes great care to comply with the standards applicable in the countries in which it operates relating to premises open to the public. For example, in France, Cromology is fully compliant with the safety and accessibility regulations defined by France's Construction and Housing Code (CCH) and applies the fundamental safety principles applicable to facilities open to the public (ERP).

4.3.3.5.3 Risks linked to the safety of the manufacturing process and operations at points of sale

Risk description	Mitigation policies and actions	KPIs	2018	2019
Risk of an accident occurring at a production or logistics site or at a point of sale, such as a fire or an explosion	Implementation of measures to anticipate and reduce risk described in particular in the QSE policy, as well as a crisis unit to plan the response in the event of an incident Establishment of an internal operations plan (IOP)	Deployment of the 5S method in points of sale (%)	N/A(1)	97%
		Insurance audits performed (%)	NA(1)	100%
		% of industrial sites with OHSAS 18001 certification	100%	100%

(1) Data unavailable for 2018, this is a new indicator for 2019.

Description of risks

This type of risk refers to any accident that may occur on a production or logistics site or at a point of sale, such as a fire or an explosion.

The potential impact of the event can be broken down into four areas:

- health, safety: impact on personnel and/or local residents;
- safety procedures: fire, explosions caused by accidental spills;
- environment: repercussions relating to health (pollution) and/or impact on ecosystems (flora and fauna);
- economic: shutdown of activity on the site in question.

Risk reduction policy and action plans

Cromology has implemented measures to anticipate and reduce risk described in particular in its QSE policy, as well as a crisis unit to plan for help in the event of an incident.

With regard to prevention, Cromology provides:

- its employees with information on health and safety issues. Each year, "fire prevention"-type training sessions are provided in some entities;
- all production sites are equipped with appropriate static safety systems (sprinklers(1), FHCs(2) etc. as appropriate);
- accidental spillages (LOPCs) are reported to analyze them and take appropriate corrective measures;
- it sets up a monitoring system of its industrial and commercial facilities by an authorized external service provider enabling Cromology to keep its equipment compliant with all regulations and in working order (just one minor fire in a store in 2018, caused by an electrical fault, none in 2019);
- the implementation in France, on all production and logistic sites and in all head offices, of an organization to ensure that employees are evacuated in the event of a fire, by training employees are "fire marshalls" and "fire assistants";
- an updated Internal Operations Plan (IOP) for most of the group's industrial sites, even if Cromology does not have any "SEVESO" listed facilities. In France, this IOP is drawn up in cooperation with the regional fire department and local emergency services (SDIS).

4.3.3.5.4 Key performance indicators

Indicators for monitoring health and safety risk are:

- Frequency rate of accidents with days lost, Frequency rate of all work-related accidents, severity rate, number of accidents with or without lost work time;
- Number of safety inspections, number of reports on the escalation of dangerous situations and near accidents issued;
- Percentage of audits conducted relating to the roll-out of the 5S method, designed to improve the working environment;
- Number of insurance audits conducted;
- Number of LOPCs (accidental spills);
- OHSAS 18001 site certification.

Monitoring results

The number of accidents in the workplace resulting in lost time in 2019 was slightly down on 2018 (40 accidents with lost time in 2019, 41 in 2018) and, with a reduction in the number of hours worked (7%), resulting in an increase in the frequency rate from 5.9 in 2018 to 6.27 in 2019. The accidents recorded are mainly connected to manual handling within the distribution networks and on the industrial and logistics site. The higher employee turnover recorded within the distribution networks has also contributed to this increase.

(1) Automatic sprinkler system.
(2) Fine horse cabinet.

Similarly, the degree of seriousness of the accidents reported increased from 0.28 in 2018 to 0.34 in 2019.

In 2018, Cromology obtained triple ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (health and safety) certification for all of its industrial and logistics sites in France in order to improve its performance.

In 2019, in France, the 5S method was rolled out to 97% of points of sale. Safety audits are conducted every month. Moreover, since 2018 teams at points of sale have been issued with new ergonomic tools to assist handling (e.g. scissor lifts). Almost half of points of sale have been supplied with these.

Summary of Personal Safety Indicators

Risk	Indicators	2018	2019
Risks linked to Personal Safety	Number of work injuries with at least one day of lost time	41	40
	Number of work injuries without lost time	11	13
	Frequency rate of accidents with days lost (LTIFR)	5.93	6.24
	Frequency rate of accidents of all work-related accidents	7.52	8.27
	Severity Rate	0.28	0.34
Risks linked to security of industrial process and marketing at points of sale	Deployment of the 5S method in points of sales (%)	NA(1)	97%
	Insurance audits conducted	NA(1)	100%
	% of industrial sites with OHSAS 18001 certification	100%	100%

Frequency rate of accidents with days lost: number of lost-time injuries per million hours worked among employees with permanent or fixed-term contracts, temporary staff and subcontractors.
Frequency rate of all work-related accidents: number of injuries with or without lost time per million hours worked among employees with permanent or fixed-term contracts, temporary staff and subcontractors.
Severity rate: (number of days of working time lost x 1,000)/number of hours worked among employees on permanent or fixed-term contracts, temporary staff and subcontractors.
Deployment of the 5S strategy: Percentage of 5S method deployment audits conducted. Number of 5S method deployment audits completed/Total number of points of sale in the Tollens and Zolpan networks.
Insurance audits conducted: percentage of insurance audits conducted (completed) compared with the insurance audits to be conducted.
(1) Data unavailable for 2018, this is a new indicator for 2019.

4.3.3.6 Environment

4.3.3.6.1 Environmental approach and organisation

The industrial activities of Cromology consist mainly in the formulation and manufacture of paint, which have a moderate direct impact on the environment.

Nevertheless, respect for the environment forms a key part of Cromology's culture.

The company has introduced an environmental strategy, led by the QHSE department and promoted by each local QSE manager and/or by country QSE coordinators, based on three key areas:

- strengthening the environmental management system;
- optimizing the use of resources;
- reducing the environmental impact.

Cromology spends more than 10% of its investments on this each year.

Within the scope of its industrial activities (production sites and logistics sites) in Italy, Spain, Portugal and France, Cromology has been awarded ISO 14001 certification which enables improved control of VOC emission risks *via* regulatory monitoring, the implementation of an environmental management plan and the validation of the processes to be applied in the event of an incident. This represented over 92% of its net sales and 77% of its industrial and logistics sites in 2019 (50% in 2017).

4.3.3.6.2 Risks associated with water and soil pollution or with the contamination of water and soil by restricted substances

Risk description	Mitigation policies and actions	KPIs	2018	2019
Risk related to the volume of effluent released into water or soil pollution, a risk related to an accidental spill or a risk of non-compliance with local regulations in force.	Regular monitoring of waste is carried out. It is reinforced for those sites with waste values above the regulatory thresholds, and an action plan is formalized for these sites.	% of ISO 14001-certified industrial and logistics sites	70%	77%
		Total Suspended Solids (TSS) (metric tons)	32.66	26.41
		Chemical Oxygen Demand (COD) (metric tons)	38.58	53.33

Description of risks

This relates to the risk linked to the volume of effluent released into water or soil pollution, a risk linked to an accidental spill or a risk of non-compliance with local regulations in force.

The potential impact is:

- environmental: damaging impact on the environment over the mid- or long-term;
- economic: leads to the interruption of operations on the site responsible or to an increase in operating costs;
- penalties from the administrative and regulatory authorities *via* the payment of fines for failure to comply with the regulations in force and the cost of bringing facilities into line with regulations and of environmental decontamination;
- reputational: negative publicity to stakeholders.

Risk reduction policy and action plans

Cromology's manufacturing activity involves producing paints, 80% of which are water-based. On average, water makes up between 45 and 60% of the components of a paint. The aim is to recycle as much as possible of the water used in the cleaning process, taking as an example the Wormhout plant, which re-uses 100% of all water in production.

At the industrial sites, regular checks on waste products are carried out in order to ensure compliance with the legislation in force. Any sites which record levels of waste products in excess of regulatory thresholds are then subject to regular and more stringent checks (checks on pollutant concentration levels or monitoring of waste water volumes, etc.) and an action plan is then defined in agreement with the competent authorities.

4.3.3.6.3 Environmental and health and safety risks associated with the release into the air of restricted substances (VOCs[1] or carcinogenic substances)

Risk description	Mitigation policies and actions	KPIs	2018	2019
Emissions of certain substances liable to harm human health (*via* inhalation) or fauna and biodiversity	Member of the European Industrial Association of Paint Manufacturers CEPE, Cromology is in its working group on biocide users Risk control actions (wearing personal protective equipment, collective protection)	Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT) (T/kT)(1)	0.62	0.67
		CO_2 emissions – Scope 1 (metric tons CO_2-eq)	4,741.9(2)	3,338.99
		CO_2 emissions, Scope 2 (metric tons CO_2-eq)	NA(3)	4,749.48
		CO_2 emission ratio – Scope 1 (metric tons CO_2-eq/kT produced)	20.37	15.13
		CO_2 emission ratio – Scope 1+2 (metric tons CO_2-eq/kT produced)	NA(3)	36.67
		NOx emissions (metric tons)	4.15	3.70
		SOx emissions (metric tons)	0.35	0.31

(1) Emissions from Volatile Organic Compounds: The emissions recognized are those from industrial processes. Emissions from energy consumption are no longer recognized from 2019 (under 0.2% of the VOC weight in 2018).
(2) Data adjusted retroactively.
(3) In 2018, only Scope 1 was calculated.

(1) Volatile organic compounds.

Description of risks

This risk relates to emissions of certain substances liable to harm human health (*via* inhalation) or fauna and biodiversity.

This could result in air pollution in employees' working environment on site and, more widely, in the environment surrounding the site. This type of risk may also generate an increase in operating costs *via* the implementation of technical solutions in order to reduce these emissions.

As Cromology mainly manufactures water-based products and uses industrial processes which do not involve solvents, the risk of any VOC emissions is restricted to only those sites which are producing solvent-based paints (*i.e.* 6 out of the 10 sites). The main VOC emissions risk arises during handling of solvent-based paints in stores and on the site of the production of these same products.

Risk reduction policy and action plans

Cromology is a member of the European Council of the Paint, Printing Ink and Artists' Colors Industry (CEPE) and regularly attends the Technical Regulations Committee which monitors all regulations affecting its sector (VOC, CLP, CMR, REACH, etc.). Cromology is also on the working group on biocide users. This enables it to receive advance notice of any legislation and how it should be interpreted. At least two regulatory meetings are held each year to share changes in regulation and ensure all countries in which Cromology operates are aligned.

Moreover, strict compliance with the obligation to wear personal protective equipment is a Golden Rule in terms of health and safety. In addition, collective protective equipment such as extractors has been installed to limit employees' exposure and to avoid any accidental release into the air.

VOC emissions are also monitored across all of the sites and, more specifically, those that emit VOC emitters, in order to verify compliance with all limits imposed by regulation.

4.3.3.6.4 Risks associated with the hazardous waste generated by the activity

Risk description	Mitigation policies and actions	KPIs	2018	2019
Management of hazardous waste generated by production sites and distribution networks that is potentially harmful or dangerous to human health and the environment	ISO 14001 Certification, Hazardous Waste Management System, Participation in Eco-DDS through an eco-tax	Waste produced (% of production volumes)(1)	5.4%	5.5%
		Hazardous waste produced (% of production volumes)(1)	0.9%	1%
		Ratio of DDS eco-tax paid each year per metric ton declared (€/T)(2)	37.8	45.1

(1) Product waste: the scope recognized was expanded between 2018 and 2019.
(2) 2019 data accounts for 90% of the scope recognized to date. (Zolpan network data unavailable to date). 2018 data covers 100% of the scope.

Description of risks

This risk concerns the management of the hazardous waste (solvents, paint residue, packaging used for chemical raw materials, etc.) produced by the production sites (90% of the scope) and by the distribution networks. Hazardous waste is considered to contain variable quantities of substances that are harmful or dangerous to human health and to the environment. Cromology complies with Directive (EU) 2018/851 of the European Parliament and of the Council of May 30, 2018 amending Directive 2008/98/EC on waste.

For Cromology, this is a question of ensuring compliance with the waste management regulations applicable in the countries in which it operates. The potential impact is reputational and financial.

Risk reduction policy and action plans

The management of hazardous and non-hazardous industrial waste is included within the ISO 14001 certification which covers 77% of Cromology's production sites. This standard guarantees the traceability and correct handling of chemical waste in the context of the procedures that it lays down.

Concerning distribution networks in France, a system for the collection of hazardous waste has been set up with a specialist external service provider.

Concerning hazardous waste, this also concerns the management by integrated distribution networks of the recovery and processing of any waste generated by professional and individual customers.

In France (65% of the scope), Cromology complies with regulations on the management of site waste and is also compliant with the principle of Extended Producer Responsibility, as part of a channel organized since 2013, so as to put into practice its commitment to recovering used products marketed to individuals. Cromology is one of the founder members of Eco-DDS, a not-for-profit organization whose mission is to encourage the sorting, collection, and processing of certain waste chemicals from individuals. Each year, Cromology contributes to the joint efforts being made by Eco-DDS member companies by paying a green levy to cover the cost of the collection and processing of specific waste streams (SWS) generated by households.

In 2019, almost 41,000 metric tons of DDS[1] were declared with almost €45.10 paid per metric ton in eco-taxes.

Cromology also complies with regulations on graphic paper and pays an annual contribution to the environmental organization, CITEO. In 2019, 77 metric tons of waste were declared and €70 per metric ton was paid in eco-taxes (2018, 103 metric tons with €73.6 per metric ton).

4.3.3.6.5 Key performance indicators

Monitoring results

Cromology has continued its certification efforts by obtaining triple ISO 9001, ISO 14001 and OHSAS 18001 certification for all of the Cromology Research and Industry sites in France, demonstrating its volition to improve the control of its risks in terms of health and safety and the environment. The scope of the percentage of sites certified has therefore been modified in order to take into account all of the group's logistics centers.

In 2019, Cromology saw production fall by 3.5% with a total of 220 t in 2019 compared to 212 t in 2018.

The taking into consideration of the purification coefficient for the local treatment stations (in accordance with the reporting protocol) to which Cromology sends its waste water provides a new reading of chemical oxygen demand (COD) and the solid particles rate. On a like-for-like basis, a marked increase can be seen in COD levels in waste water leaving the plant. The increase was the result of several parameters:

- a reduction in the volume of waste water produced thanks to purification plant optimization but which leads to a greater concentration of pollutants in the water;
- the introduction of extra cleaning cycles for production tools in Italy and Morocco;
- an increase in the volume of production of certain hard-to-clean products.

Cromology monitors and assesses the waste produced by its production activities and by its production networks. The total volume of non-hazardous waste increased slightly in 2019 (1%) compared with 2018, as did the intensity compared to production volume (increase of 1.85%). This variation is due to increases in production (notably in Spain) and an increase in the waste volumes at the Resana site in Italy, the main producer of non-hazardous waste.

The increase in hazardous waste (+15%) is mainly due to the destruction of obsolete products and an increase in production volumes. Between 2018 and 2019, energy consumption (gas, electricity and fuel) fell by 15% (168 TJ in 2019 compared with 197 in 2018) through actions such as, for example, the use of LED lighting and insulation work at some points of sale.

Reductions in CO_2 (scope 1) (-29%), NOx (-11%) and SOx (-11%) are linked to seasonality, and reduced consumption related to works.

(1) 2019 data accounts for 90% of the scope recognized to date. (Zolpan network data unavailable to date). 2018 data covers 100% of the scope.

Summary of environmental indicators

Risk	Indicators	2018 data	2019 Data
Risks associated with water and soil pollution or with the contamination of water and soil by restricted substances	% of ISO 14001-certified industrial and logistics sites	70%	77%
	Total Suspended Solids (TSS) (metric tons)	32.66	26.41
	Chemical Oxygen Demand (COD) (metric tons)	38.58	53.33
Risks associated with the hazardous waste generated by the activity	Waste produced (% of production volumes)(1)	5.4%	5.5%
	Hazardous waste produced (% of production volumes)(1)	0.9%	1%
	Ratio of DDS eco-tax paid each year per metric ton declared (€/T)(2)	37.8	45.1
Environmental and health and safety risks associated with the release into the air of restricted substances (VOCs) or carcinogenic substances	Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT)(3)	0.62	0.67
	CO_2 emissions – Scope 1 (metric tons CO_2-eq)	4,741.9(4)	3,338.99
	CO_2 emissions – Scope 2 (metric tons CO_2-eq)	NA(5)	4,749.48
	CO_2 emission ratio – Scope 1 (metric tons CO_2-eq/kT produced)	20.37	15.13
	CO_2 emission ratio – Scope 1+2 (metric tons CO_2-eq/kT produced)	NA(5)	36.67
	NOx emissions (metric tons)	4.15	3.70
	SOx emissions (metric tons)	0.35	0.31

(1) Product waste: the scope recognized was expanded between 2018 and 2019.
(2) 2019 data accounts for 90% of the scope recognized to date. (Zolpan network data unavailable to date). 2018 data covers 100% of the scope.
(3) Emissions from Volatile Organic Compounds: The emissions recognized are those from industrial processes. Emissions from energy consumption are no longer recognized from 2019 (under 0.2% of the VOC weight in 2018).
(4) Data adjusted retroactively.
(5) In 2018, only Scope 1 was calculated (gas and domestic heating oil consumption).

4.3.3.6.6 Other employee-related information (voluntary measure)

In 2019, water consumption was slightly down (-0.01%). In 2019, the monitoring of leaks at the various entities was improved.

Adaptation to the consequences of climate change

The business is not directly impacted by the consequences of climate change and, therefore, Cromology has considered that this did not constitute a key CSR risk and did not need to be discussed in detail within this management report.

Estimate of significant sources of Greenhouse Gas Emissions

In accordance with Decree 2016-1138 of August 19, 2016, in application of the energy transition for environmental growth law, Cromology conducted a study to determine its principal sources of greenhouse gas emissions.

The methodology applied is described in the industry guide for performing a greenhouse gas emissions assessment published by the French chemical industry union (UIC) in May 2015. This guide is based on the *Technical Guidance for Calculating Scope 3 Emissions* of the Greenhouse Gas Protocol.

To conduct this study, Cromology drew on the carbon assessments of its Tollens and Zolpan subsidiaries, carried out in 2014 and 2010, respectively. To obtain the emissions factor data, particularly for the paint production portion, Cromology contacted its suppliers with regard to the most relevant raw materials. By default, the Ademe "carbon database" was used.

The 2016 study shows that the significant sources of greenhouse gas emissions are generated:

- 80% from purchases of raw materials, packaging, and services;
- 12% from downstream transport, from logistics centers to points of sale or directly to clients;
- 3% from upstream transport, from production plants to logistics centers.

"Purchases" includes all greenhouse gas emissions from extraction to distribution of raw materials to the product manufacturing facilities.

An energy audit is planned for 2020 across France's distribution network.

Summary of other environmental indicators (voluntary)

Indicators	2018 Data	2019 Data
Water consumption (m^3)	155,358	155,340
Water consumption intensity		
by kT of production (m^3/kT)		704.2
by kT of products shipped (m^3/kT)		437.67
Energy consumption (TJ)	197.9	168.58
Energy consumption intensity		
by kT of production (TJ/kT)		0.76
by kT of products shipped (TJ/kT)		0.47
by points of sale (TJ/point of sale)		0.42

4.3.3.7 Supply chain

4.3.3.7.1 Suppliers' environmental and health and safety risks

Risk description	Mitigation policies and actions	KPIs	2018	2019
The potential impact for Cromology concerns experiencing interruptions to supplies if any supplier production site is impacted and, therefore, to see its own production capacity impacted	Formalization of a requirement through the signature of a Responsible Purchasing charter by the main suppliers, and a Purchasing Ethics charter by the employees of the purchasing department Definition of an annual Purchasing progress plan	Percentage of Purchasing employees who have signed the Ethical Procurement charter (%)	NA[(1)]	100%
		Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter	NA[(1)]	80.5%
		Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter	NA[(1)]	89%
		Percentage of trading contracts containing a clause on compliance with GDPR and labor law (%)	NA[(1)]	81%

(1) Data unavailable for 2018, this is a new indicator for 2019.

Description of risks

This relates to supplier risk concerning CSR in the areas of the environment, health and safety. The three main categories of purchases Cromology sources from its partners are raw materials, packaging and trade products (tools and equipment for painters, floor coverings and wall coverings).

The potential impact for Cromology concerns experiencing interruptions to supplies if any supplier production site is impacted with an impact on Cromology's production capacity.

Risk reduction policy and action plans

- *Via* centralized purchasing, Cromology places emphasis on working with suppliers of raw materials and packaging which have manufacturing sites in Europe and which are compliant with ISO standards in terms of quality, the environment, and safety. Therefore, around 80% of total purchases (by value) of raw materials and packaging is purchased mainly from suppliers manufacturing in Europe and meeting European requirements in terms of health and safety and the environment. For each component, insofar as possible, Cromology uses dual sourcing to secure supply in the event of a breakdown in the supply chain of one of its suppliers;

- Cromology has formalized the CSR standards it expects from its suppliers and employees. This has taken the form of:
  - a Responsible Purchasing charter signed by the biggest suppliers of raw materials and packaging,
  - the formalization of an Ethical Purchasing charter signed by employees of the purchasing department in France. This Code helps to communicate Cromology's standards to any employees working directly with suppliers;
- moreover, over 80% of purchase agreements for trade products contain a GDPR clause and labor law.

In addition, for all of its suppliers, Cromology is able to carry out system and process audits in order to ensure that manufacturing conditions meet best manufacturing practice standards in terms of hygiene and health and safety and are compliant with all environmental standards in force and with the quality standards required. As such, in 2019, Cromology conducted a site audit of a major supplier. The results of the audit showed that the supplier's process, quality system and CSR factors were properly managed by the supplier.

In parallel, the Purchasing department produces an annual progress plan. The progress plan lists the objectives and indicators linked to operational excellence, quality, CSR and environmental aspects that are to be carried out for following year. In 2019, the CSR objectives were the formalization of the Responsible Purchasing charter and the deployment thereof among major suppliers. The objectives linked to the environmental impact are concentrated on thinking about and incorporating recycled components in paint formulas.

Key performance indicators

The monitoring indicators are:

- percentage of purchasing employees in the group's Purchasing department having signed the Ethical Purchasing charter: 100% of employees have signed the Procurement charter in France;
- share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter: 80.5%;
- share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter: 89%;
- percentage of trading contracts containing a clause on compliance with GDPR and labor law: 81%.

4.3.3.7.2 Risks associated with the transportation of hazardous products

Risk description	Mitigation policies and actions	KPIs	2018	2019
Risk of non-compliance, and environmental risk. The potential impacts include the interruption of business or a criminal law risk in the event of non-compliance further to a check on the transport sub-contractors	Compliance with ADR regulations, annual reports by the safety adviser, checks during loading by the transporters	Percentage of Cromology personnel trained in ADR among those to be trained (%)	NA[1]	90.3%

(1) Data unavailable for 2018, this is a new indicator for 2019.

Description of risks

Management of this risk involves compliance with the international regulation known as the "Agreement concerning the Carriage of Dangerous Goods by Road" (ADR 2019) (excluding Morocco where this regulation does not apply).

There would also be a legal risk if, with regard to Cromology's logistics, any non-compliance concerning the packaging of dangerous products, in the event of failure to check the credentials of drivers, or if the transport documents were to be inaccurate or incomplete.

There is also an environmental risk in the event of any spillage on the road of a product whose packaging or transportation information is not compliant with the regulation.

The potential impacts include the interruption of business or a criminal law risk in the event of non-compliance further to a check on the transport sub-contractors.

Risk reduction policy and action plans

In accordance with the ADR regulation, Cromology, as sender, identifies, classifies the goods, draws up the documentation (packaging labels, safety data sheets, transport documents, technical data sheets for the products manufactured) and guarantees that the products are properly packaged.

Annual activity reports are produced by the health and safety officer.

As the loading company (from its logistics centers), Cromology checks the driver loading the goods, the equipment, the documents, and the training undertaking by all those involved.

Key performance indicators

The indicator is:

- percentage of individuals requiring training who have received it: 90.3%.

4.3.3.8 Innovation

4.3.3.8.1 Risks related to regulatory changes in relation to raw materials

Risk description	Mitigation policies and actions	KPIs	2018	2019
Regulatory risk associated with raw materials, leading to the prohibition or restriction of their use, or to the taking of increased protective measures. The potential impact is economic.	Regulatory monitoring	Share of raw materials involved (as a quantity of raw materials)	9%	9%
		Volume of raw materials involved	1%	3%

Description of risks

This is a risk linked to changes in environmental or health and safety regulations, either national or supranational, concerning a chemical substance used in the composition of one of the raw materials used in one of formulas or of a raw material itself.

For paints marketed by Cromology, this change would lead:

- to a ban or restrictions on its use either by Cromology employees or by users of the paint containing the substance, or for anyone exposed to the paint once applied;
- heightened protection measures being taken in relation to the handling of this substance or formula.

The potential impact is economic:

- by stopping the marketing of the paints which could contain the substance in question;
- *via* the operational application of the implementation of the regulations to adapt the production tool; and
- *via* an increase in operating costs.

Risk reduction policy and action plans

To mitigate this risk and plan for changes to regulations, Cromology has introduced a system based on the monitoring of the regulatory watch conducted by the R&D department and by group Regulatory Affairs (except in Morocco where, in the absence of any specific regulations, Cromology has started to list all dangerous raw materials according to the same European criteria):

- the legislation in each country in which it operates as well as on a European level;
- of any actions to replace the dangerous substances found in its formulas.

The regulatory monitoring carried out by the company means that information is escalated to the prospects team, attached to the R&D and Regulatory Affairs department. The latter role is to identify innovative technologies or products (potentially originating from other industries) and to assess their technical and economic potential, in conjunction with all of Cromology's strategic marketing and R&D teams.

In this context, the Prospects Team allows Cromology to plan ahead for scenarios involving the adaptation and new orientation of its commercial offer which could respond to changes in compliance that may be required by any potential future regulations.

Key performance indicators

The following indicators are in place:

- percentage of regulated raw materials (regulated raw materials SVHCs and agents which are carcinogens, mutagens, or toxic for reproduction and harmful to the environment - "CMRs") among all raw materials used in the formulas used for the paints manufactured by Cromology (as a quantity);
- volume of raw materials listed above that are used in the production of Cromology formulas.

Out of the 2,247 raw materials used by Cromology in its formulas, 9% represent a potential or known danger according to the current classification of substances and represent around 3% of the total volume of raw materials used in the production process in 2019 while complying with current legislation on products put on the market. Constant study and daily efforts to replace these substances or limit their use are yielding solutions and continuing to offer new products in line with applicable regulations or, better yet, with existing or new additional certifications.

4.3.3.8.2 Risks associated with products not being in line with market needs

Risk description	Mitigation policies and actions	KPIs	2018	2019
Risks associated with products not being in line with market needs	Regulatory monitoring and innovation	Share of revenue generated by products launched within the last three years	25%	23%
		Share of recycled plastic in plastic packaging purchased by Cromology in France	62%	60%
		Share of revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years)	64%	60%
		Share of revenue generated by eco-certified products in total sales	N/A[(1)]	50%
		Share of revenue generated by water-based products out of total sales	N/A[(1)]	80%

(1) Data unavailable for 2018, this is a new indicator for 2019.

Description of risks

Among those long-term trends noted by Cromology, consumer demand for products which are ever more environmentally-friendly has been identified for several years now.

In this context, constant innovation is necessary to ensure the launch on the market of a range of paints with ever-improving environmental impact profiles.

The potential impact of failing to achieve this is a loss of competitive edge and an economic impact.

Risk reduction policy and action plans

To meet its customers' needs, Cromology innovates to minimize the environmental footprint of its products.

To this end, Cromology has Research and Development laboratories in all countries in which it has a presence, and close to its customers specific needs. Cromology's objective is to develop products that meet market expectations and respond to environmental challenges.

In 2019, more than 50% of Cromology's R&D investments were devoted to product innovation, especially for activities focused on new markets and future regulatory and labeling changes:

- regulatory monitoring and innovation: please see the "Associated Opportunities" section of Regulatory Risk associated with Raw Materials;
- eco-certified products[(1)]: within the new product development process, the possibility of an eco-friendly design is systematically examined. For example, integrating this characteristic into the design brief has become systematic for the French brands. The design brief is approved jointly by the R&D and Marketing teams;
- Cromology has entered into a partnership with a packaging manufacturer in France to make regular increases to the percentage of recycled plastics used in its plastic packaging, thereby contributing to its environmentally-friendly efforts;
- eco-labeling is a voluntary measure for which there is no regulatory framework. In the paint industry, eco-labels are under-developed in Morocco and in Europe outside of France. In its product innovation plan, Cromology systematically examines the relevance of creating new paints meeting the needs of customers in one country and of obtaining eco-certification for these. For example, Cromology has launched a pollution-removing interior paint, an innovation which generated its own demand in countries such as Portugal, Spain, and Italy;
- if the legislation of the countries in which Cromology operates changes and reinforces the ecological regulatory constraints imposed on industrial entities, Cromology will benefit from its position in the vanguard and will not incur any expenses from having to adapt its portfolio under an agenda imposed by the new legislation. Its innovation policy in terms of eco-certified products has for several years now demonstrated its wish to go well beyond local regulatory obligations for any new product designed.

Key performance indicators

- the percentage of revenue generated by products launched within the last three years: 23% (vs. 25% in 2018 and 23% in 2017);
- revenue generated by new products (launched within the last three years) having an environmentally-friendly label as a percentage of sales of all products launched within the last three years: 60% (vs. 64% in 2018 and 66% in 2017);
- percentage of revenue generated by eco-certified products in total sales: 50% (€230 million);
- percentage of revenue of water-based products out of total sales from paint products: 80%[(2)],

(1) Issued by independent bodies on the basis of specific criteria, the most stringent eco-labels in Europe are: Ecolabel européen, NF Environnement, France's A+ and Germany's TÜV.
(2) Since these last two indicators were implemented from 2019 onwards, no comparison with the 2018 fiscal year is possible.

- the percentage of recycled plastic in product packaging sold by Cromology in France: 60% (vs. 62% in 2018 and 58% in 2017). The total volume of recycled plastic packaging has nevertheless increased by 10% in volume compared to 2018. The share that this represents has decreased due to the increase in total volumes of plastic packaging purchases.

4.3.3.9 Personal data management

Risk description	Mitigation policies and actions	KPIs	2018	2019
Risks related to the GDPR regulations for the protection of personal data. The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation.	GDPR Committee, Classification of data collected according to the GDPR standard, Data processing register, Precautionary measures (IT charter, Communication, Contracts).	*Indicator to be defined in 2020*		

Description of risks

These are the risks related to GDPR for the protection of personal data that have been applicable in Europe since May 2018. These personal data relate to Cromology's employees, customers, suppliers and consumers.

The potential impact would take the form of sanctions in the event of non-compliance and a negative impact on Cromology's reputation.

Risk reduction policy and action plans

- The personal data of Cromology's employees, customers and suppliers, gathered and stored in files, has been classified in accordance with GDPR standards. A register of all processing of this data has been created and is updated as changes occur. This guarantees that all data managed in Cromology's systems is used appropriately;
- In terms of raising awareness of and securing this data, the following measures have been taken:
  - each employee signs an IT charter when he or she joins Cromology. This charter sets out his or her personal responsibilities in relation to the use of any personal data to which he or she has access,
  - a "Personal Data" page has been added to all Cromology's websites whenever they collect data, either regarding customers or regarding applicants responding to published job offers,
  - the main contracts that existed prior to the Regulation have been revised to comply with the requirements of the Regulation. The new contracts always incorporate the adapted provisions.

A dedicated GDPR Committee was set up in 2018. This guarantees that all measures involving the collection and use of customer data are compliant with the GDPR standard. The committee includes representatives from the IT Systems department, the Human Resources department and the Legal department and the Customer Data Base Manager for the Tollens and Zolpan networks.

4.3.3.10 Corruption

Risk description	Mitigation policies and actions	KPIs	2018	2019
The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation.	Implementation of a global system aimed at developing a culture of compliance and to support employees in understanding the rules, identifying risk situations and defining appropriate conduct (Anti-Corruption charter, Training, Coaching).	*Indicator to be defined in 2020*		

Description of risks

Cromology is committed to conducting its business ethically, with integrity and honesty and in compliance with all applicable laws.

The potential impact would take the form of sanctions in the event of non-compliance and a negative impact on Cromology's reputation.

Risk reduction policy and action plans

Cromology's objective is to create a corporate culture in which best practices are integrated into all aspects of activities and become second nature to everyone.

In 2014, an Anti-Corruption charter called "Cromology group policy on gifts, meals, entertainment, travel and other advantages, political contributions, charitable donations, facilitation payments, solicitation and extortion" was drawn up and presented to the Executive Committee. Each Cromology Executive Committee member, including all the CEOs of the operational companies, signed a business conduct charter that incorporates the anti-corruption charter.

The Anti-Corruption charter was updated in 2017 to take into account the requirements of the Sapin II law and integrated into the internal regulations of the French companies of the Cromology group.

In 2019, Cromology designed an e-learning training module for top management and sales managers in France and Switzerland. The aim of this training is to guide them in understanding anti-corruption rules, help them identify risk situations and define appropriate conduct. All employees will be trained in 2020.

4.3.3.11 Society (voluntary measure)

4.3.3.11.1 Local economy (voluntary measure)

Most of the group's products are manufactured locally. In 2019, the share of Cromology revenue generated by products sold in the regions where they were produced was more than 97%.

As regards its purchasing policy for raw materials and packaging in Europe, Cromology favors the use of suppliers who manufacture in Europe. Cromology also strives to optimize flows and means of transportation, by sea and other means.

4.3.3.11.2 Partnerships and sponsorship initiatives (voluntary measure)

Cromology encourages its teams to support the initiatives of local or national non-profit organizations to aid people in difficulty, local or national heritage, sports or schools.

Cromology also provides support in the form of financial aid, donations of paints and services from the relevant sector.

In France, all sites of the subsidiary CRI use teams from organizations that help disabled people integrate into the workplace (ESATs) to perform activities related to its industrial activity (gardening, labeling, etc.). CRI also organizes the collection of plastic caps from its employees on behalf of the non-profit organization "Un bouchon, Une espérance", which, through recycling of the caps, finances equipment for disabled people.

For the past four years, CRI has also been a partner of the "Second Chance School" located in Clichy (Hauts-de-Seine) and sits on its Board of Directors. This school supports young people without a degree or qualification and encourages them to resume their studies. Cromology teams offer CV coaching and recruitment interview exercises, as well as playing host to interns.

In Morocco, Arcol has been running a program to renovate rural schools through skills volunteering and paint donations since 2015. Some twenty schools and over 5,000 students have benefited from this initiative and from the distribution of school supplies.

Cromology España has been supporting AECC (Asociación Española Contra el Cáncer) since 2016, either through solidarity "product sharing" promotion campaigns (part of the profits from sales is donated to AECC) for its range marketed at Leroy Merlin, or through paint donations.

The promotion of art and culture is also strong, with the following initiatives:

- In Portugal, Tintas Robbialac has partnered with Museu Colecçao Berardo (Lisbon) since 2011.
- Tollens is a partner of four museums in France: Musée d'Orsay (Paris), Musée de l'Orangerie (Paris), the Cité de l'Architecture et du Design (Paris) and the Musée de la Piscine (Roubaix).
- Zolpan is a long-term partner of CitéCréation, the world leader of painted murals, and contributed in particular to the "Mur des Canuts" mural in Lyon, France, the largest trompe-l'œil fresco in Europe, and the fresco portrait of Paul Bocuse, also in Lyon.
- Every year, Cromology Italia supports the project of one artist. In 2019, it sponsored the initiative of the artist Luis Gomez De Tehran. The purpose of this urban renewal project was to revitalize the fish market of the port of Viareggio in the Naples region.
- Similarly, Robbialac, Tollens and Zolpan sponsor Urban Art projects: renovation of façades of homes in working-class areas of Lisbon (Robbialac), temporary or permanent frescoes created in Lyon by the Blast Art collective (Zolpan), partnership with the Colorama festival in Biarritz (Tollens).

4.3.3.12 Methodology

4.3.3.12.1 Methodology used to obtain monitoring indicators

Scope and consolidation methods for key indicators

The key indicators in this report were selected from across all subsidiaries consolidated in Cromology's financial statements. Cromology's scope includes 14 industrial sites.

For each indicator, the detailed calculation methods are defined in the chapter "Reporting methodology" below. Where measured data is not available, each entity produces estimates. Data collection performed until 2018 via standard Cromology files was performed for the first time in 2019 via an online reporting tool made available by Wendel.

Responsibilities and checks

The group's Human Resources department collects and consolidates the HR data, ensures that it is consistent, and validates it. It is the responsibility of Cromology's human resources community to produce this data in each subsidiary.

Cromology's QSE department consolidates "safety" and "environment" data and performs consistency checks.

"Safety" indicators are produced by the safety manager of each subsidiary. Environmental experts at each Cromology subsidiary are responsible for producing the environmental data.

Monitoring indicators for products launched within the last three years and the percentage of net sales of new products with environmental certification of all products launched within the last three years are produced by the Marketing departments of each subsidiary. This data is consolidated and checked for consistency by the group Marketing department.

The monitoring indicator for the number of raw materials (including regulated raw materials) used in the formulations of the paints manufactured by Cromology is produced by the group R&D department.

The indicator for the volume of use of formulas containing regulated raw materials such as SVHC, CMR (1 and 2) per metric ton is produced by the group R&D department.

The indicator relating to the "% of recycled plastic in packaging used for products sold by Cromology" is monitored by the group's Industrial Procurement department. This is produced by the supplier.

Each Cromology subsidiary is responsible for the indicators it collects and monitors.

Each site director is responsible for producing the indicators and performing an initial verification of the result.

4.3.3.12.2 Methodological note

Methodological limitations and uncertainties

For fiscal year 2019, the quality and scope of reported data has been improved. Social, Health & Safety and Environmental data were reported directly by Cromology site teams *via* an online reporting tool made available by Wendel.

The definitions and reporting methods used for the following indicators, as well as any relevant uncertainties, are described below.

Safety indicators

Lost-time injury frequency rate

The Frequency rate of accidents with lost days (LTIFR) is the number of accidents involving the loss of more than one day of working time that occur over a 12-month period, per million hours worked. It is reported for all subsidiaries in the Cromology group and includes fixed-term and permanent contract employees, temporary employees and subcontractors.

The Frequency rate of all work-related accidents is the number of accidents with and without work loss that occur over a 12-month period, per million hours worked. It is reported for all subsidiaries in the Cromology group and includes fixed-term and permanent contract employees, temporary employees and subcontractors.

Accidents while traveling are included in these indicators when they occur during working hours. Accidents while commuting between home and work are not included.

Lost-time accident severity rate

The lost-time accident severity rate is the number of days of working time lost over a 12-month period following a work-related accident, per 1,000 hours worked. It is reported for all Cromology group subsidiaries.

Industrial process and point of sale security

Roll-out of the 5S method

Percentage of the number of 5S audits performed over the scope of Tollens and Zolpan points of sale in France out of the total number of points of sale in the Tollens and Zolpan networks.

Insurer audits

Number of insurer audits performed out of the number of insurer audits to be performed for the entire Cromology group.

Environmental indicators

Energy consumption

Energy consumption includes the consumption of energy for production activities and distribution networks. It does not include the consumption of energy associated with employee transportation. It is reported for all Cromology subsidiaries.

Water consumption & usage

Water consumption includes the consumption of water for production activities, and does not include the water for distribution networks or offices (if those items are not included in the overall consumption for a site). It is reported for all Cromology subsidiaries.

Waste levels

This involves assessing the quantity of waste generated per kilo of product manufactured. This rate does not include any exceptional waste, such as waste generated by the removal of asbestos from buildings. Network waste, hazardous or non-hazardous, is included. For the latter, these figures are estimates.

CO2, SOx, NOx emissions

These emissions are calculated with emission factors based on energy consumption. Emission factors were updated for 2019 and are taken from the OMINEA 2019 database. Emissions for 2018 and 2017 were not recalculated and use the OMINEA 2012 base factors.

CO_2 emissions include Scope 1 (heating oil and gas consumption) and, since 2019, Scope 2.

Amounts of eco-contributions (France scope)

Specific Diffused Waste (DDS in French): amount of the annual eco-contribution relative to the volume generated by activity paid to the eco-organization Eco-DDS.

Graphic papers: amount of the annual eco-contribution relative to the volume generated by activity paid to the eco-organization Citeo.

VOC emissions

VOC emissions from combustion energy are no longer included in the calculation of total VOCs as of 2019. They represented less than 0.2% of total VOC emissions in 2018 (in metric tons produced). For 2018 and 2017, they were calculated using emission factors determined by the French National Organization for Atmospheric Emissions Inventory Methods (Ministry of Ecology, France, February 2012).

VOC emissions from industrial processes (use of solvents) are the primary components of this indicator.

The methodology for calculating this indicator was changed in 2017. The new methodology is the one used for solvent management plans. The "VOC" indicator is calculated in the following manner (other VOC emissions):

- VOC (in metric tons) in raw materials ("input 1 VOCs"): these VOCs are calculated on the basis of VOC content (in%) and the quantity of each raw material consumed (in metric tons);
- VOC (in metric tons) in finished products ("output 2 VOCs"): these VOCs are calculated from the average VOC content of a paint formulation. This average VOC content value is calculated on the basis of the VOC content of 10-15 formulations representing at least 50% of the total tonnage produced by the site under consideration. The calculation is weighted by the tonnage of each formulation produced, giving the average VOC content that is then applied to all tonnage produced;
- VOC in waste ("output 3 VOC"): these VOCs are calculated by applying either the average VOC content in the raw materials, or the average VOC content of the finished product to the solvent-laden waste (in metric tons), depending on the type of waste;
- "Diffuse VOC" is calculated as value of (1) - value of (2) - value of (3).

Transportation of dangerous goods

Training for point of sale employees in ADR (European Agreement on the International Carriage of Dangerous Goods by Road): Percentage of employees in the Zolpan and Tollens networks trained in ADR (European Agreement on the International Carriage of Dangerous Goods by Road) in relation to the number of people scheduled for the annual training plans for ADR.

Social indicators

Total workforce

The total workforce is the number of employees with a permanent or fixed-term contract on the last calendar day of the year. Trainees and PhD students are not counted. Workforce data is reported in number of people and not full-time equivalents. Starting in 2019, employees on notice or reclassification leave for economic reasons have been excluded.

Hires & departures

New hires on permanent contracts and fixed-term contracts made permanent and new hires *via* company takeovers are counted as new hires. Departures relate solely to permanent contracts for departures at the initiative of the employee or the employer or retirement, or for company disposals, or deaths. Internal transfers between group companies are recognized at the group level. Starting in 2019, employees on notice or reclassification leave for economic reasons have been included in departures at the initiative of the employer.

Absenteeism rate

AR1 is the absenteeism rate for employees on permanent and fixed-term contracts that is reported for all subsidiaries.

It is calculated by dividing the number of calendar days of absence by the total number of calendar days in the year (365* for both fixed-term and permanent contracts). Absences include absences due to sickness, unauthorized unpaid leave, and lost time due to work-related accidents and commuting accidents. Other types of absences, in particular long-term leave of more than three years, are not included in calculating the absentee rate.

Starting in 2019, a second absenteeism rate (AR2) has been calculated that takes into account only days worked for days of absence and for days worked per year.

Share of departures at employee initiative (resignations, retirements). This rate takes into account the number of employee resignations and retirements in relation to the total number of departures.

Training hours

Hours of training for employees on permanent and fixed-term contracts are reported for all subsidiaries. They include internal and external training (including e-learning) and exclude hours corresponding to the schooling of work-study students in France.

Purchasing indicators

Signature of the Ethical Purchasing charter

This is the percentage of Purchasing employees in the group Purchasing department who have signed the charter, out of the total number of Purchasing employees.

Coverage rate of main suppliers who have signed the Ethical Purchasing charter

This is the percentage of the amount of purchases from main suppliers that have signed the Ethical Purchasing charter or presented a CSR approach that meets the criteria of the Ethical Purchasing charter, out of the total amount of purchases.

Definition of main suppliers

Main suppliers are defined according to the "80/20" rule by Cromology's Purchasing team: 20% of the suppliers representing 80% of the total amount of Purchases.

Innovation indicators

Recycled plastic in plastic packaging (France scope)

This is the percentage of the weight of recycled plastic packaging purchased from the main supplier (metric tons) in relation to the total weight of plastic packaging purchased from the main supplier (metric tons).

The main supplier of plastic packaging represents the highest amount of plastic packaging purchases in France, as well as a significant proportion of the total amount of plastic packaging purchases.

Products launched within the last three years with an eco-label

This is the share of revenue generated by products launched within the last three years with an eco-label out of the total revenue of products launched within the last three years.

Eco-labels include:

- the European Union eco-label established in 1992;
- the TÜV SÜD label is awarded by the German independent eco-body of the same name for renewable energies;
- the NF Environnement label is issued by the French national organization for standardization (AFNOR) (paints, varnishes and related products – NF 130);
- the Excell Zone Verte and Excell Plus labels from Excell, an ISO 17025-accredited laboratory, classify materials, products and coatings that are compatible with the indoor air quality of living areas, HQE housing or food industry premises.

4.3.3.12.3 Cromology vigilance plan

Cromology's Vigilance Plan was established in response to the requirements imposed by Law 2017-399 of March 27, 2017 in relation to the duty of care. It describes how Cromology assesses and prevents social and environmental risks related to its activities and those of its suppliers.

The CSR Steering Committee, which consists of representatives of the Supply Chain and R&D Division, the Purchasing Division, the Human Resources Division, the Quality, Safety and Environment Division and the Public Relations Division, drafted a CSR vigilance plan in 2018 and updated it in 2019.

4.3.3.12.3.1 Risk mapping

The risk mapping process aims to prioritize the main risks to which Cromology considers itself exposed in its own activities, products and supply chain, *i.e.*, risks related to its direct production purchases and indirect purchases.

The mapping has been carried out at an entity level, and a compilation of data has enabled the identification of gross major risk within the scope of Cromology based on the number of sites in question, industrial or distribution network sites, and/or the number of employees concerned.

The Duty of Care Plan forms one part of Cromology's sustainable development policy. Actions which go beyond the context of risk management and regulatory compliance within the framework of the Law on the Duty of Vigilance are implemented across a range of sectors such as environmental, quality and safety certification for production and logistics sites, reduction in energy consumption, recycling of waste, the "quality of life in the workplace" measures adopted by certain group companies, etc. Accordingly, some of the main risks that are mapped under the Law on the Duty of Vigilance have also been identified as main risks in the Extra-Financial Performance Declaration presented above.

4.3.3.12.3.2 Risk assessment

The risk assessment process presented is updated on the basis of the monitoring work carried out in the context of the annual publication of this Duty of Care Plan, i) in the context of the compliance audits carried out for the renewal of certification under the ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 (safety) standards, ii) in the context of the audit carried out by Cromology customers, or iii) further to audits carried out concerning its suppliers.

The key risks identified are:

A Concerning proprietary activities

Cromology mainly has exposure to:

- risks linked to human rights and fundamental freedoms:
  - risks associated with human and employment rights such as respect for freedom of association and collective bargaining, rights of migrant workers, employees' working hours and rest periods, situations involving harassment, abuse, or discrimination,
  - risk associated with the management of customer personal data and guaranteeing the confidentiality of private data;

- risks to the health and safety of individuals:
  - risks connected to the handling and use of toxic chemical substances that are potentially dangerous to the health of employees and end-users, applicators or individuals, such as substances subject to authorization (SVHC) or carcinogens, mutagens, and toxins for reproduction (CMR),
  - health risks associated with the emission into the air of handled substances subject to restrictions (VOCs) or dust,
  - risk of accidents in the workplace linked to the professional activities of employees in relation to industrial, logistics, or commercial activities;
- risks relating to the environment:
  - risks associated with water and soil pollution or with the contamination of water and soil by restricted substances,
  - risks linked to soil pollution during industrial activity or during the transportation of hazardous materials,
  - environmental risks associated with the release into the air of restricted substances (VOCs), carcinogens or dust,
  - risks linked to the management of hazardous waste generated by operations.

B Within the supply chain

Cromology is mainly exposed to risks at its suppliers of raw materials, due to the chemical nature of such materials:

- environmental risks;
- risks to the health and safety of suppliers' workers;
- risks linked to human rights and fundamental freedoms.

4.3.3.12.3.3 Action taken to mitigate risks or prevent serious harm

Risk mitigation measures are based on the various measures tailored to each area of responsibility of the group.

Vigilance concerning human rights and fundamental freedoms

Rules of professional conduct

From 2014 onward, Cromology established a policy which constitutes the Code of Conduct setting out the principles and rules, in particular with regard to safety, which the company wishes to impose on all employees, under all circumstances, and in all countries.

Personal data management

This concerns compliance with the GDPR, which came into force in May 2018:

- the personal data of Cromology's employees, customers and suppliers, gathered and stored in files, has been classified in accordance with GDPR standards. A register of all processing of this data has been created and is updated as changes occur. This guarantees that all data managed in Cromology's systems is used appropriately;
- In terms of security, the following measures have been taken and are presented in the paragraph "Personal data management" of Cromology's Extra-Financial Performance Declaration;
  - A "GDPR" Committee was set up in 2018. This guarantees that all measures involving the collection and use of customer data are compliant with the GDPR standard. The committee includes representatives from the IT Systems department, the Human Resources department and the Legal department and the Customer Data Base Manager for the Tollens and Zolpan networks.

Vigilance with regard to personal health and safety

The group is piloting measures the mitigation of personal health and safety risks with two main objectives:

- the preservation of the health/safety of its employees or subcontracted employees, presented in the section "Risks linked to personal safety" of the Cromology Extra-Financial Performance Declaration;
- the preservation of the health and safety of the users of its products (applicators or end customers), presented in the section "Risks related to regulatory changes in relation to raw materials" of the Cromology Extra-Financial Performance Declaration.

Cromology complies strictly with the European regulations for the chemical industry (REACH) and is regularly audited by external bodies as part of obtaining ISO 9001, ISO 14001 and OHSAS 18001 certification or, as a supplier, by representatives of its customers, such as DIY retailers.

Cromology also adheres to a voluntary research and development approach focused especially on respect for the environment and human health. This approach is presented in the section "Risks associated with products not being in line with market needs" of the Cromology Extra-Financial Performance Declaration.

Cromology continually seeks to reduce the VOC content of its innovations as much as possible, beyond the regulatory requirements of the countries where it operates, while maintaining the highest level of quality and performance possible.

In France, for example, Tollens and Zolpan launched products under the German TÜV label, which imposes a VOC content of less than 1 g/l for interior matte paint. This is 1/30 of the content limit under European regulation, and 1/10 of the content limit for the European Ecolabel.

This voluntary approach can be seen in the share of products with an environmental label in sales (by value). In 2019, half of sales were made with products that meet the most stringent labels in terms of VOC content (Ecolabel, TÜV) or VOC emission rates (A+, TÜV). For new products (less than three years old), three out of five products are eco-certified.

In addition, since 2014, Cromology has been selling an anti-formaldehyde paint which enables the level of interior air pollution to be reduced by capturing major pollutants in the paint. This product, when applied to all four walls and the ceiling of a room, can reduce indoor air pollution related to these pollutants by up to 80%.

In France, the share of sales of eco-labeled paints is 76% and the application of anti-formaldehyde paint sold by Cromology has depolluted 4,500,000 m^3 per year since 2014.

Care in relation to the environment

The industrial activities of Cromology consist mainly in the formulation and manufacture of paint, which have a moderate direct impact on the environment. Nevertheless, respect for the environment forms a key part of Cromology's culture.

For more information, please refer to the "Environment" section in the Extra-Financial Performance Declaration.

Vigilance with suppliers in its supply chain

The volume of purchases from suppliers of raw materials and packaging purchases is the largest and most strategic purchase made by Cromology. In France, the suppliers from which Cromology buys trade products represent a significant purchasing mass.

This is why Cromology wanted to formalize its requirements in 2019 with these two types of suppliers as part of its CSR approach.

For more information, please refer to the "Supply chain" section in the Extra-Financial Performance Declaration.

4.3.3.12.3.4 Whistle-blowing procedure

In 2017, Cromology put in place an internal whistle-blowing system which means that any inappropriate conduct as per Law 2016-1691 of December 9, 2016 on transparency, combating corruption, and modernizing the economy "Sapin 2" can be flagged.

In 2019, Cromology extended the scope of this whistle-blowing mechanism to include all potential violations of labor and human rights.

4.3.3.12.3.5 Range of monitoring measures implemented

In addition to the daily actions of the operational teams in the areas in question, Cromology monitors the measures implemented by the CSR Committee, which met five times in 2019.

The indicators monitored by the committee are the ones mentioned in this document. These measures provide a guarantee regarding the proper enforcement of action plans and duty of care procedures. For example, this concerns health and safety indicators and the annual corporate and environmental audits carried out by an external auditor in the context of the drafting of the Extra-Financial Performance Declaration.

4.3.4 Stahl

4.3.4.1 Introduction

Stahl is the world leader in leather chemicals and high-performance coatings, with its registered headquarters in The Netherlands. Stahl specializes in providing products and services to manufacturers of leather, synthetics, textiles and other materials used in the automotive, garment, footwear, luxury bags and home furnishing consumer segments. Stahl uses two primary brands (Stahl and PielColor) to promote its products and services, and there are many product trademarks used in the portfolio (eg: PolyMatte®, Permacure®, Stahl EasyWhite Tan™, Catalix®, DryFast, STAHL EVO, Stahl Neo, Relca, PielColor Magic Line).

At the end of 2019 Stahl operated 11 manufacturing sites (vs 13 in 2018) and 35 application laboratories in 24 countries around the world, employing 1,847 people, 30% of whom are engaged in technical activities. The most important countries (ie: where Stahl does most business), in alphabetical order, are Argentina, Bangladesh, Brazil, China, Colombia, France, Germany, India, Indonesia, Italy, Japan, Mexico, Netherlands, Pakistan, Singapore, Spain, Turkey and the USA. As a supplier of chemical products and related services, Stahl considers the health and safety of its employees to be its primary responsibility. Stahl is a model for workplace safety, with a low accident frequency rate. Through its continuous improvement culture, Stahl also ensures that the impact of its activities on the surrounding ecosystems is limited. Stahl's ESG (Environment, Social & Governance) strategy is to promote greater transparency throughout the whole supply chain, leading to a more sustainable industry and a progressively lower environmental footprint. ESG also represents a significant opportunity for Stahl, to gain competitive advantage, to attract and retain new employees and to drive operational excellence throughout the company.

Stahl is committed to attracting (and retaining) qualified and talented people, and uses employee engagement tools, diverse training modules and a deep-rooted corporate culture to achieve this.

Stahl is aligned to the UN Global Compact, the world's largest corporate sustainability initiative, and reports on its guiding principles annually. With this commitment, Stahl has confirmed the alignment of its strategy and operations to the universal principles of human rights, labour, environment and anti-corruption. Stahl also reports on its progress with the 17 UN Sustainable Development Goals (SDG's) in its annual ESG (formerly CSR & Sustainability) report.

stahl

SHAREHOLDER GOVERNANCE

SHAREHOLDERS: WENDEL 67.5%, BASF 16.3%, CLARIANT 14.8% AND OTHER 1.4%

BOARD OF DIRECTORS:

9 members (Stahl, Wendel, BASF, independent members)

22% of independent

11% of women

2019 REVENUE

€ 809 m

VISION

We provide high-performing, low-impact solutions to drive the transition to a fully transparent and sustainable supply chain and circular economy.

MISSION

"If it can be imagined, it can be created."

VALUES

- Cooperation
- Responsibility
- Initiative
- Imagination

ENVIRONMENTAL PERFORMANCE

VISION:

Responsible Chemistry: 3 pillars to improve its environmental footprint:

- Low-impact manufacturing chemicals
- Biotechnology
- Circularity

TARGETS:

CO2 REDUCTION GOAL:

-10% by 2020

2019 PERFORMANCE:

- CO2 Target Achieved: -25% in 2019 versus 2015
- 0 coal used in Stahl plants in 2019
- 100% of green energy on the whole European plants / 36% of renewable energy on the total energy consumption
- 76% of coating solutions are water-based

INTERNAL RESOURCES

HUMAN CAPITAL

~1,800 EMPLOYEES

76% men / 24% women

30% in technical activities

61 nationalities in 24 countries :

- 49% in Europe, Africa
- 21% in Pacific-Asia
- 15% in America
- 15% in India / Pakistan

INTELLECTUAL CAPITAL

100 PEOPLE working on innovation everyday

600 TECHNICAL EXPERTS

PROCUREMENT

Suppliers: large multinational chemical companies coming from 54 countries of which 85% (in production volume) are in very low, low or medium risk countries***

USE OF RESOURCES

PRODUCTION

11 manufacturing sites

9 Centers of Excellence

35 Application laboratories

DISTRIBUTION

35 sales support offices

OUTPUT

PRODUCTS

- Chemical product for leather
- High performance coatings and polymers

MARKETS

Main sectors

- Automotive
- Footwear, Apparel & Accessories

KEY

- Key partners
- External resources
- Internal resources

* 840 visitors x 10 people who they on average influence with the obtained knowledge
** including patent applications
*** Based on Global Risk Profile ESG Index

OPERATIONAL GOVERNANCE

EXECUTIVE CONTROL GROUP

MANAGEMENT TEAM:

9 members **0 women**

- 15 training hours per FTE on average
- 840 interns followed Stahl Campus module, impacting a total of 8400 beneficiaries*
- 73 active patent families**

R&D

11 research centers

~100 chemists

CERTIFICATIONS / MANAGEMENT SYSTEMS

93% of production volume come from sites certified ISO 14001 and 99,7% from ISO 9001

Europe	31%
Asia	40%
Middle East & Africa	5%
Americas	24%

OUTSOURCED PRODUCTION

Smart production combining in-house production of key technologies and outsourcing of larger volume products (approx. 40% of total) to trusted partners

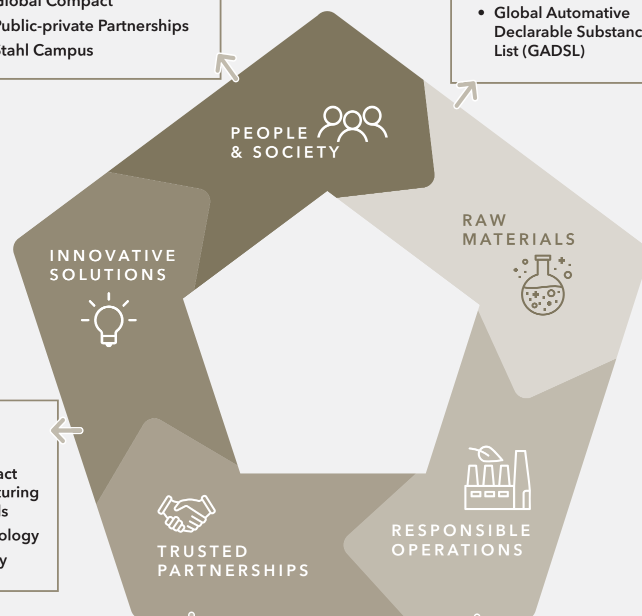
Others

- Architectural & Interior Design
- Industrial Applications
- Leisure & Lifestyle
- Home Furnishing

5 focus areas of Sustainability

- Code of conduct based on Global Compact
- Public-private Partnerships
- Stahl Campus

- Zero Discharge of Hazardous Chemicals (ZDHC) Foundation and program: 1274 products in the ZDHC gateway
- Global Automative Declarable Substances List (GADSL)



Responsible Chemistry :

- Low impact manufacturing Chemicals
- Biotechnology
- Circularity

Global Initiatives & NGOs

- UN Global Compact, Reporting on 17 UN SDGS
- UNIDO, Solidaridad
- International universities

Other sectorial initiatives:

- Bluesign, ChemIQ, Oekotex
- Leather Working Group (LWG)
- TEWEGA

- Safety, Health and Environment (SHE) policy
- CO_2 emission reduction goal: -10% by 2020
- Target achieved : -25% in 2019 versus 2015

Stahl governance

The Stahl Board, its highest governance body, consists of members from its shareholders Wendel, BASF, Stahl plus two independent members. The Stahl Board meets five times per year and schedules additional conference calls to discuss any pertinent company matters, like the latest financial results.

Stahl Board (2019)

Huub van Beijeren (Stahl CEO)

Frank Sonnemans (Stahl CFO)

Félicie Thion de la Chaume (Wendel)

Jérome Michiels (Wendel)

Claude Ehlinger (Wendel)

Bruno Fritsch (Wendel)

Anup Kothari (BASF)

Etienne Boris (Independent)

Pieter van der Slikke (Independent)

The Stahl Management team, as of January 2020, consists of the Stahl CEO, CFO, COO, the Director of R&D, Director of Corporate Affairs and the Leather Chemicals and Performance Coatings strategic Business Unit Directors respectively. This team meets monthly and determines the implementation of company strategy.

A wider governance body, called the Executive Control Group, includes Stahl Management team members as well as site managers, regional general managers, executives from the strategic business units, and marketing, communications, ESG, IT, legal & compliance, finance and SHE representatives. The Executive Control Group meets on a quarterly basis and reviews YTD (year to date) performance KPIs and decides on tactics for the upcoming business cycles.

Manufacturing, suppliers, customers

Stahl produces its portfolio of products either at its manufacturing sites around the world or at outsourced locations *via* service agreements. Stahl's suppliers are generally large multinational chemical companies.

Most of Stahl's customers are either leather tanneries or manufacturers of textiles, coated fabric and synthetic materials (known as converters or mills).The company also supplies shoe factories and paint & coatings manufacturers. Stahl's customers range from large corporations to medium and small sized operations. Smaller customers are typically handled by Stahl's significant network of agents and distributors around the world.

4.3.4.2 Environment, Social and Governance (ESG)

Goals and Strategy

Stahl's ESG goal is to achieve a transparent supply chain that continuously reduces its environmental footprint. The company's strategy to achieve this goal is to promote transparency and provide environmental solutions for the supply chain to allow for continuous reductions in environmental footprint. Stahl's influential position as a provider of products and services to manufacturers of materials used in the automotive, apparel, home furnishing, footwear, garment and other related industries, is a determining factor in the implementation of this strategy. Stahl also recognizes that sustainability represents a significant opportunity, to gain competitive advantage and to drive the operational excellence that creates long term value.

CSR and ESG

Corporate Social Responsibility (CSR) describes a company's efforts on having a positive impact on the environment, employees, consumers and the wider community. ESG measures CSR activities to give a precise assessment of a company's actions, and is used as a key marker for investors. Stahl's ESG reporting looks at how the company is responding to external influences, risks and trends like climate change and decarbonisation, but also how it treats its workers, manages its supply chains etc.

At the corporate level, Environment, Social & Governance (ESG) is represented in Stahl's Senior Management and Executive Management teams, which meet monthly and set the Company strategy. The Corporate Affairs and ESG team meets regularly with finance, legal counsel, sales and product managers, researchers, product stewardship and operations staff to monitor the implementation of its strategy and to discuss progress on new initiatives related to ESG performance. The ESG team also supports commercial activities initiated by customers that are related to sustainability. KPIs (key performance indicators) related to safety, health and environment are measured and reported monthly by regional operations staff at Stahl manufacturing sites around the world. These KPIs are consolidated into a global report which is sent to the Stahl Board each month.

ESG risks from external trends

Climate change, environmental impact measurement

Much of Stahl's research and applications development is focused on reducing the environmental impact of its own products and that of its customers. 18% of Stahl's basic research projects are linked to the elimination of restricted substances (eg: ZDHC, Bluesign®, ChemIQ, Reach) and new raw materials to replace them. With regard to natural products, there are currently 20+ projects in R & D specifically focused on finding natural resource alternatives to petroleum based polymers for polyurethanes, a core technology for Stahl. With regard to water, significant research time is spent on developing waterbased products (already a large portion of the portfolio) or on products that reduce water pollution originating from Stahl's customers' factories. The long term market switch from solvent to water is a key driver in product development, particularly in the Performance Coatings market segments.

Stahl is investing in Life Cycle Assessment (LCA) methodology to quantitatively measure the impact of its products on the environment, and to express it in language that its supply chain stakeholders can recognize (*e.g.*, the impact on ozone depletion, toxicity, climate change and land use). This LCA commitment is part of the Responsible Chemistry Initiative, described later in this report, which is designed to mitigate the impact on the environment of Stahl's products. The principle is that in order to reduce environmental impact, it first must be measured using a recognized methodology.

De-carbonization and Renewable Carbon

Renewable Carbon is the terminology used by the chemical industry to describe the de-carbonization movement away from using fossil fuels and towards using resources that have not been extracted from the earth's surface (geosphere), like bio-based materials, biomass or recycled plastics. Stahl's research into natural resource-based products, like Proviera® Probiotics for Leather and bio-based polyurethanes, is linked to this movement and is described in the Responsible Chemistry segment of this chapter (see later).

Lifestyle Choices

Stahl respects consumer lifestyle choices with respect to veganism, leather, plastics and other materials used in its target segments. While it actively supports and is part of industry initiatives to improve the environmental footprint of leather, synthetics and textile manufacturing, Stahl is also involved in the development of alternatives materials, like those made from pineapple leaves, fruit waste, mushrooms and laboratory-grown protein for example. Stahl respects the choices of brands, such as Tesla, in the automotive industry or Stella McCartney, in the luxury ready-to-wear sector to not use leather, and has adopted a transparent approach on the benefits and drawbacks of leather alternatives. Indeed, the movement towards alternative materials is seen as an opportunity by Stahl, who believes it is well positioned to adapt to such macro lifestyle trends. At the same time Stahl is convinced that leather will continue to be a material of choice for consumers in the future, given its longevity and inherent sustainability.

ESG Risk Mapping for Extra-Financial Performance Declaration (EFPD)

Stahl has performed a detailed review of its risk assessment in and control policies, in accordance with the requirements of the Extra-Financial Performance Declaration (EFPD), on environmental, social, human rights and corruption risks resulting from its activities. This review covers the risks linked to its employees, suppliers, and to the external supply chain that it serves. Stahl has adopted due diligence policies covering health, safety, environment and human rights that mitigate the risks identified in this review. The results of Stahl's risk analysis were cross-checked with two types of organizations, used as reference sources:

- independent standards: MSCI (Morgan Stanley Capital International) and SASB (Sustainability Accounting Standards Board);
- companies comparable to Stahl in terms of sector of activity, operating in several countries, and disclosing on their CSR risks and materiality method.

The risks identified with the highest gross risk level(1), as agreed in preliminary work and audited at site and corporate level, are presented below. The table presents a short summary of the risks, the policies implemented by Stahl to mitigate the risks identified, the Key Performance Indicators (KPIs) defined to monitor the policies, and the results corresponding to these indicators for 2019. The table also indicates the paragraphs where further information can be accessed.

(1) *Gross risks are the risks for similar companies and activities (that impact both the company and the external stakeholders) in the same geographic area, without the effects of mitigation. Stahl explains how it manages and mitigates these risks in each chapter of this report. Note: Because of the nature its activities (leather chemicals, coatings and polymers), Stahl believes that some identified risks do not represent critical extra-financial risk for Stahl and do not need to be developed further in this report. These less critical risks are: fight against food insecurity; respect of animal welfare, responsible, fair and sustainable food production.*

Gross Risks, mitigation policies & KPIs

CSR Topics	Extrafinancial Risk	Description	Mitigation policies and actions	KPIs	Related paragraph
HEALTH AND SAFETY (Wendel historical priority)	Occupational health and safety.	Chemical industry: Risks related to occupational health and safety, including: ■ Chemical contact or exposure to hazardous substances for health); ■ Risk of chronic (serious) illness linked to chemical exposure; ■ Slips, trips and falls; ■ Fatal and serious incidents.	SHE policy Training R20 (Road-To-Zero) Program	TRI Frequency rate. LTI Frequency rate (accidents with lost work time). Severity rate of accidents.	4.3.4.4
ESG PERFORMANCE OF PRODUCTS AND SERVICES (Wendel historical priority)	Increasing demand and regulation for sustainable chemical products.	■ Products not aligned to the requirements of brands, NGOs & consumers. ■ Customers causing environmental contamination with Stahl's chemicals. ■ Unavailability of chemical raw materials due to regulation related to environmental or human health.	Regulatory watch & product stewardship. Industry governance and initiatives (like ZDHC). Stahl's Responsible chemistry policy. R&D	ZDHC compliant products (number of products in the ZDHC gateway), highest conformance level. Share of finishing and coatings-related products that are water based. Share of R&D projects on the elimination of restricted substances (% total projects).	4.3.4.5.4
ENVIRONMENT	Lowering GHG emissions that contribute to climate change.	Stahl recognizes that reductions in global CO_2 emissions will be required in order to achieve the goals outlined in the Paris Climate Accord established in 2015.	Reduce CO_2 emissions. Energy reduction. Focus on energy self-sufficiency.	Share of renewable energy. Energy intensity (TJ consumed/ton produced). CO_2 intensity Scopes 1 & 2 (tCO_2-eq/ton produced).	4.3.4.5.1
	Impact on water resources.	Risk of insufficient water for the process and water supply cuts from local network.	Water management.	Water intensity (m^3 consumed/ton produced).	4.3.4.5.2
	Hazardous waste management.	Risk of significant increases in hazardous waste generated at Stahl sites and inadequate management of their end-of-life.	Waste reduction Circularity	Waste Water sent to external treatment (ton). Waste intensity. Provision for land pollution (M€).	4.3.4.5.3
SOCIAL	Attractiveness & talent retention.	Risk of losing qualified and talented employees from the company. Risk of not attracting qualified and talented employees to the company.	HR Strategy Company leadership model. Employee Engagement Platform (EEP) & training.	Turnover rate. Turnover rate – resignations only. Training hours per employee (FTE).	4.3.4.3.1
GOVERNANCE	Corruption and bribery.	Risk of corruption, bribery, modern slavery in Stahl's supply chain. Risk of corruption, bribery, modern slavery in Stahl.	Code of Conduct. Due diligence questionnaire. EcoVadis Business Sustainability Ratings (for suppliers).	Share of employees trained on these subjects.	4.3.4.6.1
				Whistle blowing – Number of cases treated.	4.3.4.6.1

Materiality matrix

Stahl reports regularly on ESG in order to promote transparency and to assess the progress made on its CSR activities and KPIs. To make sure that it reports on the topics that are material for the company, Stahl developed a materiality matrix to give insight into the priorities faced by the company and its stakeholders. Stahl's latest materiality matrix (below) confirms that the focus on safety, water effluent, emissions and energy, is aligned with what its key stakeholders believe is Stahl's priority. The matrix is also aligned closely to the outcome of the extra financial risks, presented in the Extra-Financial Performance Declaration.

Fig. 1: Materiality Matrix

33 economic, environmental & social aspects defined by GRI are plotted. Those that matter the most (highest impact), to both Stahl and its stakeholders, are plotted in the right top corner of the matrix. In the middle section those that score medium are shown. 'Other topics' are those that had the lowest relative score.

2019 ESG Highlights

- Economic: 2019 was a year of slightly lower volume production levels at Stahl's factories, which had an impact on KPIs that are measured "per tons produced", like C02, water, energy and waste. This lower volume was caused by softer demand across Stahl's end market segments. Despite the volume impact, Stahl's environmental KPIs remained on a continuous improvement path.
- ESG Performance: Stahl launched its Responsible Chemistry Initiative in 2019 (see section 4.3.4.5.4), in which its technology and product development activities are categorized into three levels of environmental impact reduction. Stahl also achieved Level 3 status in the ZDHC Gateway conformance module, for its global leather chemicals product range.
- Health & Safety: Stahl implemented new criteria for governing and reporting SHE and process safety, in order to reflect the occurrence of safety incidents more accurately. The company also embarked on a new safety awareness campaign, called R20 (Road To Zero). Total recordable incidents (TRI) Frequency rate showed improvement in 2019 vs 2018. Lost Time Incidents (LTI) Frequency rate and Severity rate in 2019 were both slightly higher than in 2018, but lower than 2017.
- Social: Stahl implemented a new Employee Engagement Platform (EEP) in 2019, which is partly designed to encourage higher employee participation and to foment commitment to the company culture (see section 4.3.4.3). Stahl employees completed e-learning modules on corruption and bribery as part of this new EEP.
- Environment: Climate change has been identified as a critical external risk for Stahl and the company met its 5-year goals for a 10% C02 emissions reduction by the end of 2019. The on-site generation of solar energy at the Stahl Brasil site was an example of the company's commitment – solar panels are already supplying 50% of the factory's energy needs.

4.3.4.3 HR – Enhancing company attractiveness, maximizing employee engagement

4.3.4.3.1 Attractiveness & talent retention

Risk	Risk Description	Mitigation policies and actions	KPIs	2018	2019
Attractiveness & talent retention	Risk of losing qualified and talented employees from the company Risk of not attracting qualified and talented employees to the company	HR Strategy Company leadership model Employee Engagement Platform (EEP) & training Stahl values and DNA, shared with employees Succession Planning – new leaders in key positions	Turnover rate	10.58%	8.71%
			Voluntary staff turnover rate – resignations only	5.05%	4.24%
			Training hours per employee (FTE)	22.30	15.32

Stahl believes the future workplace will be defined by personalized solutions, wellbeing and a focus on diversity. New generations already expect companies to "walk the talk" on environmental, social and governance topics. Rigid and complex hierarchies will be a thing of the past, and leadership will require emotional intelligence and cross functional team skills. Organisations will become flatter, with more power devolved to teams. In order to prepare for this, the company is focusing on ensuring the company remains attractive for all generations.

HR activities in 2019 have therefore been focused on addressing the identified risks with regard to talent retention and ensuring the company remains Stahl's attractive for potential and new employees, by:

- focusing on employee engagement, diversity management and equal opportunity;
- further developing and establishing Stahl's culture and DNA;
- transferring knowledge and information effectively within the company;
- hiring and coaching people in line with current and future business goals;
- creating an open, transparent and fair management style; and
- emphasizing the benefits of Stahl's truly international team.

The focus of the Stahl HR Team is to ensure that each employee has a great experience in the company through employee engagement, ie: enhancing the emotional commitment an employee makes to the organization and its goals. Employee engagement is therefore about Stahl employees feeling pride and loyalty to the company and being an advocate for the organization to customers, colleagues and potential candidates.

EEP (Employee Engagement Platform)

Stahl launched its Employee Engagement Platform in October 2019 for all Stahl employees. The purpose of this platform is to:

- create a digital library for HR activities and employee engagement development;
- achieve more efficient and effective learning and employee training;
- organize department-specific compliance regulations;
- enhance the "on-boarding" process for new employees;
- track progress with employee learning and measure their performance;
- provide statistics on training (eg: for external auditing); and
- integrate social learning experiences.

An employee e-learning course was implemented in 2019 as part of the new EEP, and was targeted at all Stahl employees. This e-learning centred on Stahl policy with respect to mitigating risks of bribery, corruption, modern slavery, diversity, equality etc. within Stahl and in its supply chain. By the end of 2019, 90.4% of employees had successfully completed the course, which includes a minimum grade examination requirement.

Stahl values & DNA

Stahl believes that its four core values (Co-operation, Imagination, Initiative, Responsibility) are the pillars of its success and should be applied by all employees. The company therefore created a video as part of its on-boarding plan (also published on the Stahl website – career section) which reinforces these core values and company DNA. The video features:

- Stahl as an international player with a global mind-set;
- Stahl as an organization that holds customers at the core with a market and entrepreneurial culture always focused to get results;
- Stahl's Global structure, with strategy is defined at corporate level and deployed at local level *via* local best practices; and
- Stahl's entrepreneurial spirit and the emphasis on individual freedom to bring forward great ideas and business development opportunities.

Succession Planning – new leaders in key positions

Some senior executives were hired or promoted within the company in 2019 to ensure business continuity and leadership, while maintaining the Stahl culture and values as pillars. This has allowed for changes in the current organization to be made in order to meet future business requirements and to streamline the organization.

Stahl merged sourcing, procurement, operations and supply line under one director as per January 1, 2020. A new Chief Operating Officer was hired as a result, who will organize the new team with the purpose of streamlining the group supply chain process.

On February 1, 2019, a new Chief Financial Officer joined the company. The organization was also expanded with the newly created role of Group Director M&A (mergers and acquisitions) as of February 1, 2019, reporting to the CFO.

The company has also begun to evaluate the quality of its middle management, including recruiting some young talent to fill the pipeline for the future. Internal candidates are favoured by Stahl for future career movements, replacements and promotions.

4.3.4.3.2 Employment

The total number of employees (headcount) at 2019 year-end was 1,847, which is a decrease of 150 employees compared to the end of 2018. The reduction is linked to the completion of the complexity reduction and value improvement project implemented in the Leather organization, which aims to streamline the business complexity that accompanied the company's recent acquisitions. The reduction also reflects the consolidation of Stahl's manufacturing sites in 2019, in Spain (from 2 sites to 1) and in India (also from 2 sites to 1) respectively.

The breakdown of FTE's (full-time equivalent) as of December 31, 2019 and the change compared to the prior year-end per region is as follows:

Region	12/31/19	12/31/18	Change
EMEA	901.6	962.5	(60.9)
Asia-Pacific	384.0	387.0	(3.0)
India and Pakistan	274.0	317.0	(43.0)
North and South America	267.0	305.6	(38.6)
	1,826.6	**1,972.1**	**(145.5)**

87.6% of Stahl's employees are on permanent contracts. Its workforce is 76% male and 24% female.

Total Full-time Employees (FTE) leaving (dismissals, resignations and other) during 2019 were 258.9 and 113.8 joined over the period (excluding internal transfers). These ratios are in line with the market for the activities and location in which they take place. The turnover rate in 2019 was 8.71% compared to 10.58% in 2018. Voluntary staff turnover rate in 2019 was 4.24% compared to 5.05% in 2018.

4.3.4.3.3 Working Organization

Stahl operates through a complex international organization in order to effectively serve its diverse customer base. Stahl has 11 manufacturing sites, 11 R&D labs, 35 application labs, 35 sales offices and 9 Centres of Excellence. Working practices differ by region.

The majority of the Stahl units have a 5 day working week, with exception of India and Pakistan where they also work on Saturday mornings. Working hours and incidents are recorded, depending on the site, by either electronic or manual systems.

All Stahl units report absenteeism (which includes absences for sickness and work accident) as required by local legislation but also in a way that can be reported at the corporate level.

The global absenteeism rate in 2019 was 1.76%, compared to 1.70% in 2018.

4.3.4.3.4 Labour relations

Given the international set up of Stahl and the relatively small dimension of the local units, there are 4 collective agreements in place. Salary levels and other means of remuneration depend on the individual countries. They are centrally coordinated, to ensure Stahl remains competitive in the respective markets. Some employees in the Company, mainly in management and sales, enjoy a bonus scheme based on annual quantitative objectives. This bonus scheme is coordinated centrally to ensure proper alignment and consistence with local practices.

4.3.4.3.5 Compensation

Total compensation excluding bonus, paid in respect of 2019 was €114 million, approximately 0.84% below 2018.

4.3.4.3.6 Training and education

In order to mitigate the risks identified in this report, Stahl gives priority to ESG training, which includes safety, health, environment and social compliance. More specifically every new employee receives updated safety training and instructions in line with their position. This is followed by more specific job-related training to ensure the best use of the information, resources, products and capabilities at their disposal. In the case of Stahl technicians, there is a strong emphasis on training designed to provide practical and innovative technical solutions for customers.

Individual training programs

All employees that have worked for the Company more than four months are eligible to participate in external training programs individually or in teams. Stahl encourages employees and managers to consider different types of training, like workshops, e-learning, on-line courses, lectures etc.

Corporate training programs

Stahl has defined a corporate training catalogue in which the following topics are covered:

- compliance, anti-bribery and anti-corruption and modern slavery;
- workplace diversity and inclusion;
- security awareness and GDPR training;
- leadership (Management Training and Masterclass);
- induction program for new employees;
- team-based training on company-related issues (*e.g.* new systems or policy changes);

- preparation training for individual promotions, transfers or new responsibilities.

The indicator of total hours of training is tracked locally by each Stahl unit and it is consolidated at group level. The number of hours received per employee in 2019 was 15.32 hours per full-time equivalent (FTE) compared to 22.30 hours per FTE in 2018.

4.3.4.3.7 Equality, Diversity & Inclusion

Stahl's Diversity and Inclusion Policy, published on www.stahl.com, expresses the company's commitment to embedding equality, diversity and inclusion across the organization. Equal treatment is at the heart of the organization and Stahl believes this will produce a more innovative and responsive organization. Stahl also believes that there is much more to diversity than age, gender, race and cultural background. A diverse workplace includes people who can offer a range of different viewpoints and ideas.

Consistent with its strategy of growing its leadership talent, Diversity and Inclusion principles are also embedded within its core leadership development programs to encourage managers to demonstrate them as part of their leadership behaviour. Stahl also builds cultural intelligence and equality into its performance review, hiring and talent identification processes.

Stahl tracks the ratio of male/female employees and the number of female employees in supervisory positions (employees with direct reports and/or holding a management position). In 2019 there were 90 women in supervisory positions, which is 23.38% of total supervisory positions.

The need to respect strict security and emergency measures, limits the opportunities to employ a high number of disabled employees. There are currently 13 employees in this category, compared to 12 in 2018.

4.3.4.4 Safety & Health – addressing occupational safety risks

CSR Risk	Description	Mitigation policies and actions	KPIs	2018	2019
Occupational health and safety	Chemical industry: Risks related to occupational health and safety, including: ■ Chemical contact or exposure to hazardous substances for health); ■ Risk of chronic (serious) illness linked to chemical exposure; ■ Slips, trips and falls; ■ Fatal and serious incidents.	SHE policy SHIRAM (Stahl Hazard Identification and Risk Assessment Methodology) Training R20 (Road-To-Zero) Program	TRI Frequency rate	7.662	5.444
			LTI Frequency rate (accidents with lost work time)	1.035	1.134
			Severity rate of accidents	0.018	0.031

The risk of accidents and illnesses related occupational safety have been identified by Stahl as a gross risk, as shown in Table 1 (section 4.3.4.2) of this report. All its activities, policies, monitoring and reporting and training are consequently aimed at creating a true safety culture and mitigating these risks, which include:

- chemical contact or exposure to hazardous substances;
- risk of chronic (serious) illness linked to chemical exposure;
- slips, trips and falls;
- accidents with irreversible consequences.

Stahl believes that the protection of health and safety of people and the preservation of the environment will always be its highest priority and that this mindset (and policy) is rooted in the employee culture. Stahl's focus with respect to SHE & Process safety management is on enforcing the knowledge and responsibility for decision making. In 2018 a Behavioural Safety Program was defined by Stahl and piloted in the Parets, Spain production facility. This program has been rolled-out to Waalwijk and Palazzolo in 2019. Called R20 (Road-To-Zero), the pillars of this program are:

- safety culture is not achieved by the big efforts of a small group, rather by the small efforts of a large group of people;
- a true safety culture defines an attitude to life, at the workplace and at home;
- the consequences of injuries in the workplace affect people's lives at home.

To underline the strategic and critical importance of a common behaviour on safety, and to demonstrate the commitment of the management to it, a Zero Tolerance safety policy was established, and rolled-out globally, in 2019.

Health & Safety principles

The key principles of Stahl's Safety and Health policy are:

- a strong safety culture involving the whole organization;
- safety, health and environment as the top priority;
- safety is more important than a short term result;
- implementing best industrial practices in addition to compliance to all legal requirements;
- knowledge as the basis of all decisions. Stahl will require that employees are trained in the skills necessary to carry out their duties and make decisions ensuring safety.

Stahl's safety policy establishes the need to:

- implement safety principles through process conception, facility design, operation specification and behaviour of people;
- identify and assess all hazards;
- define safety measures to prevent incidents and accidents;
- define safety measures to limit the potential consequences of incidents and accidents;
- report and investigate all incidents, take the necessary actions & share and learn from them;
- monitor safety performance with metrics and indicators;
- audit and review hazards periodically;
- be open to improvements made available in the industry;
- ensure good practices in emergency response and crisis management preparedness;
- success in safety performance shall be celebrated and rewarded;
- consider safety responsibility as a mandatory individual responsibility to be spread throughout the entire organisation;
- contribute to continuous improvements in safety by making viable suggestions.

Safety culture pillars

Stahl's safety culture is based on 4 pillars: Processes, Assets, Operations, Behaviour.

Safety ultimately relies on human factors, given that any facility, building, equipment or process is conceived, designed, built, installed, operated, maintained and finally dismantled by humans. The responsibility for decisions and actions taken along that life cycle therefore lie with the decision makers or their successors.

SHE Governance

Each Stahl site has a dedicated SHE Manager responsible for ensuring that the organization is pursuing best practices. Being a SHE manager does not mean responsibility for SHE: the responsibility is distributed throughout the organization and there is no job position without a degree of SHE responsibility for SHE. The SHE Manager reports to the Local Manager and has the direct support of the Global SHE&PS Manager.

Reporting Criteria & SHIRAM

In 2019 Stahl reviewed and implemented new criteria for reporting and governing SHE and Process Safety. New KPIs according to industry best practices and criteria were defined. A systematic reporting system was put in place in order to analyze key factors on reported events and allow management to identify trends and take decisions based upon objective criteria. Historical data was reviewed and introduced in this system so that trends and KPIs could be traced back to 2012.

In terms of Process Safety, the Stahl Hazard Identification and Risk Assessment Methodology (SHIRAM) was rolled out worldwide and became Stahl's standard methodology for risk assessment. This methodology has been designed to fit Stahl's operations and processes, and to integrate best practices for Risk Assessment and Management.

Global Safety performance and related KPIs are reported and monitored monthly and annually. The Company tracks progress on safety indicators and reports different categories of injuries and incidents including lost time injury (LTI), first aid, medical treatment and irreversible injuries. Each month it reports injuries, incidents, audits, trainings, engineering projects and other prevention methods both internally and externally. The Safety reporting procedure is defined by Stahl policy on SHE&PS, in which KPIs, criteria and reporting tools are defined.

Safety KPIs

The table below shows KPIs related to work injuries.

	2019	2018	2017	2016
TRI Frequency rate	5.444	7.662	6.641	7.261
LTI Frequency rate	1.134	1.035	1.771	1.613
Severity rate	0.031	0.018	0.059	0.016

Details on the calculation of the KPIs above are described in the Safety indicators point of Reporting Methodology.

4.3.4.5 Environment – mitigating risks by lowering environmental footprint

As part of the aforementioned EFPD risk assessment realized by the company, several environmental gross risks were identified by Stahl:

- hazardous waste management;
- impact on water resources;
- greenhouse gas (GHG) emissions contributing to climate change; and
- the increasing demand and regulation for sustainable chemical products.

The company has implemented a corporate strategy, with associated KPIs and policies, in order to mitigate these risks.

Corporate Strategy

The company's commitment begins with its widely communicated corporate strategy on ESG, *i.e.*: to promote greater transparency throughout the whole supply chain, leading to a more sustainable industry and a progressively lower environmental footprint. This includes reducing the environmental impact of its own operations (including purchased raw materials) as well as that of the supply chain into which is provides its products and services.

Stahl is committed to global initiatives like The 2015 Paris Climate Accord (on reducing CO_2), the UN Global compact (included in the Stahl Code of Conduct for Business Partners), the UN Sustainable Development Goals and the OECD – Organisation for Economic Co-operation and Development. For reporting, Stahl discloses information in its annual ESG report according to the Global Reporting Initiative (GRI) guidelines.

Stahl is continuously upgrading its manufacturing sites and laboratory facilities in order to achieve energy, waste and water efficiencies and to reduce its environmental footprint. To monitor the effectiveness of these mitigation activities, the company reports on the following KPIs each month and annually:

- CO_2 and energy;
- water;
- waste.

A highlight from 2019 was the contribution of energy generated from solar panels at the Stahl manufacturing site in Portao, Brasil. This solar energy investment resulted in a significant drop in CO_2 emissions for the site in 2019, and represented 42% of the electricity consumed at that facility. The company is planning to introduce solar and/or other renewable energy alternatives at its other manufacturing sites in the coming years.

4.3.4.5.1 Climate Change risk – Carbon Dioxide (CO_2) emissions

CSR Risk	Description	Mitigation policies and actions	KPIs	2018	2019
Lowering Greenhouse Gas (GHG) emissions that contribute to climate change	Stahl recognizes that reductions in global CO_2 emissions will be required in order to achieve the goals outlined in the Paris Climate Accord established in 2015	Reduce CO_2 emissions: internal target Energy reduction Green energy sourcing Focus on energy self- sufficiency (Technology investments)	Share of renewable energy	34%	36%
			Energy intensity (TJ consumed/ton produced)	0.00166	0.00182
			CO_2 intensity Scopes 1 & 2 (tCO_2-eq/ton produced)	0.106	0.120

Stahl recognizes that reductions in global CO_2 emissions will be required in order to achieve the goals outlined in the Paris Climate Accord established in 2015. Stahl set an internal target to reduce CO_2 emissions by 10% by 2020 (scope 1 and 2, using 2015 as a baseline) and met that target by the end of 2019. Stahl's improvements in CO_2 emissions are driven by sourcing green energy at is European sites and by technology investments that lead to long term efficiencies at its manufacturing sites. The company is now considering new goals for 2030, including stepping up investments into renewable energy at its sites, with a view to eliminating the need for network electricity sourcing.

Stahl estimates and reports also on the scope 3 indirect emissions since 2016. Scope 1 are direct emissions from owned or controlled sources, *e.g.* fuel combustion. Scope 2 emissions are indirect emissions from the generation of purchased energy. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

The below tables shows the different sources of CO_2 emissions calculated by Stahl, as per the Green House Gas (GHG) protocol.

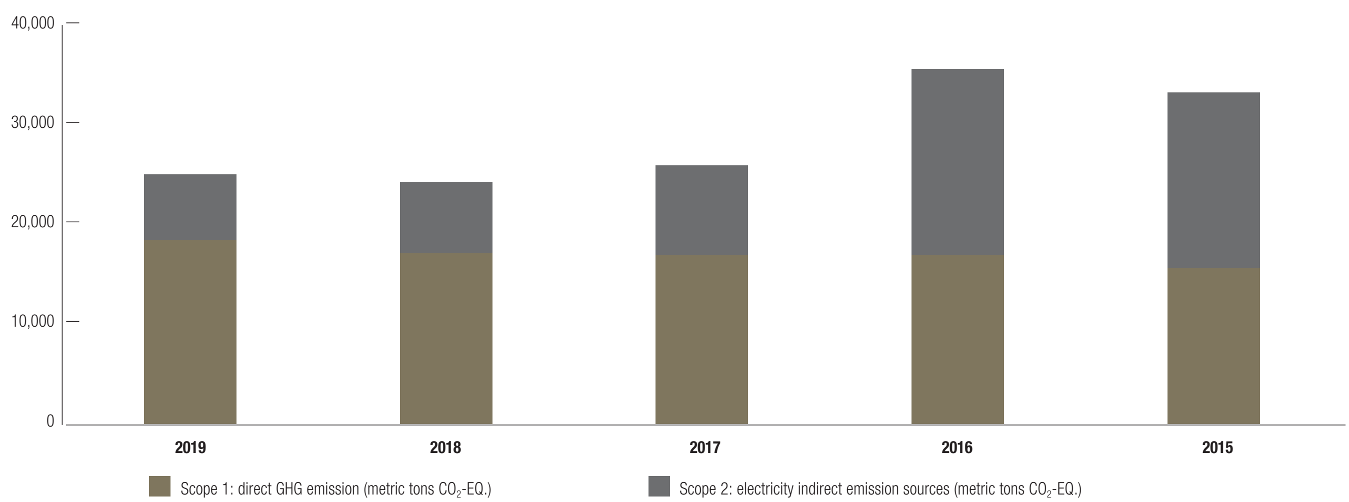
Carbon Dioxide (CO_2) emissions

Scope 1 (direct)	Scope 2 (indirect)	Scope 3 (indirect)
Fuel combustion Company vehicles	Purchased electricity, heat and steam	Purchased goods and services (including packaging) Capital goods Waste Use of sold products Transportation and distribution (up- and downstream) End of life treatment of sold products Leased assets and franchises

Scope 1 and 2 emissions

	2019	2018	2017	2016
Scope 1: direct GHG emission (metric tons CO_2-EQ.)*	18,380	17,114	16,915	16,924
Scope 2: electricity indirect emission sources (metric tons CO_2-EQ.)*	6,585	7,119	8,984	18,595
CO_2 emission scope 1+2 (in tons)	24,966	24,232	25,898	35,519
Total production volume (in tons)	208,114	228,440	238,590	207,923
CO_2 intensity[(1)]	0.1200	0.1061	0.1085	0.1708

(*) Scope 1 and 2 CO_2 emission/production volume.



Scope 3 Greenhouse Gas (GHG) emissions

In 2017 Stahl made its first assessment of scope 3 emissions as per the GHG Protocol Corporate Value Chain Accounting and Reporting Standard. This exercise is designed to understand the full value chain impact of its activities and will help to focus efforts on significant sources of Greenhouse Gas (GHG) emissions. In 2018, Stahl updated the material categories and their estimated CO_2 emissions.

	2019	2018	2017	2016	2015
Scope 3: estimation of the other indirect emission sources (million TCO_2-EQ)***	500-530	560-590	560-590	500-530	N/A

Scope 3 GHG emissions per category

	2019	2018	2017	2016	2015
Cat 1: Purchased goods and services	60%	62%	63%	59%	N/A
Cat 12: End-of-life treatment of sold products	25%	24%	23%	26%	N/A
Cat 4: Upstream transportation and distribution	10%	9%	9%	10%	N/A
Other (*e.g.* Capital goods, Downstream transport. and distribution)	5%	5%	5%	6%	N/A

Scope 3 GHG emissions – mitigation

Purchased goods and services (60% in 2019) and 'end-of-life treatment of sold products' (25% in 2019) remain the largest sources of indirect (scope 3) CO_2 emission. Both categories are related to the input and output of materials in the production process. Opportunities to reduce these emissions are:

- selecting (base) chemicals with a lower CO_2-footprint;
- increasing the renewable carbon content of the materials that are being used[1];
- increasing longevity of end products that could reduce lifecycle CO_2-emissions of end products.

Transportation of purchased goods is the third largest source of scope 3 emissions. Transportation of goods (Cat. 4) accounts for around 10% of Stahl scope 3 emissions. Based on the assumptions in the calculation of transport emissions, the major part of these emissions is air and road transport. Reducing these emissions could be achieved by:

- choosing a different mode of transportation. Road transport emits 10 times more CO_2-emission per tkm than marine transport. Air freight emits 100 times the emissions associated with marine transport. In particular, Stahl is actively looking for ways to minimize air freight shipments in favour of marine transport;
- stimulate transportation with cleaner vehicles (*e.g.* select transporters based on their sustainability achievements such as Dutch "Lean & Green" star rating);
- reduce transporting small quantities of goods. In 2019 Stahl consolidated its distributor network significantly, which means larger shipments to a smaller number of distributors.

Energy

Stahl's energy consumption is the sum of electricity, gas, oil, steam, renewable briquettes and high speed diesel, consumed at their manufacturing sites (see below pie chart). Energy is reported as the total energy consumed in TJ and per production volume: the energy intensity.

There are many ongoing energy efficiency projects towards the Stahl goal of self-sufficiency and renewable energy sources. As production volume decreased in 2019 (ie: like for like), the energy per tons produced slightly increased, while to total energy consumption in TJ is stable.

Energy consumption

	2019	2018	2017	2016
Energy (TJ)	380	380	390	319
Share of renewable energy	36%	34%	34%	-
Total production volume	208,114	228,440	238,590	207,923
Energy intensity (TJ)*	**0.00182**	**0.00166**	**0.00163**	**0.00153**

* *Total energy consumption/total production volume.*

(1) *Biogenic materials does not necessarily lead to a lower carbon footprint from a life cycle perspective, because production and processing of biogenic materials in some cases can be more (fossil) energy intensive.*

4.3.4.5.2 Water

CSR Risk	Description	Mitigation policies and actions	KPIs	2018	2019
Impact on water resources	Risk of insufficient water for the process and water supply cuts from local network	Water management	Water intensity (m^3 consumed/ton produced)	1.510	1.588

Water is a strategic focus for Stahl and the company dedicate significant resources into researching the reduction of water use, the introduction of water-based products, improving the quality of water effluent and reducing water pollution.

Stahl's objective is to enhance the quality of water and avoid water pollution linked to its products.

Stahl uses water for 2 main reasons:

- commercial Stahl products using water based technology (where water replaces petrochemical-based solvents);
- water used by Stahl manufacturing sites (cleaning tanks, pipes and for processing, heating & cooling), as well as labs and offices.

Stahl uses water from the municipality (public water) and ground water. The company also invests significantly into projects and technology designed to reduce water consumption and water pollution in the supply chain, in particular the customers' supply chains.

Stahl consumed less water in 2019 because production volumes were slightly lower but also because of efficiencies at the sites. Water consumed per tons produced decreased, so water efficiency improved.

Water consumption

	2019	2018	2017	2016
Water consumption (m^3)	330,649	344,922	370,855	355,041
Other water use (m^3)	460,097	456,820	561,788	506,056
Total water used (m^3)	790,746	801,742	932,643	861,097
Total production volume (tonnes)	208,114	228,440	238,590	207,923
Water intensity*	**1.588**	**1.510**	**1.554**	**1.708**

* *Total water consumption/total production volume.*

4.3.4.5.3 Waste

CSR Risk	Description	Mitigation policies and actions	KPIs	2018	2019
Hazardous waste management	Risk of significant increases in hazardous waste generated at Stahl sites and inadequate management of their end-of-life	Waste reduction	Waste Water sent to external treatment (ton)	15,620	14,397
		Waste management strategies	Waste intensity	0.056	0.062

Stahl policy is to reduce the impact of its operations and products on the environment by preventing pollution through waste management strategies that promote waste minimization, re-use, recovery and recycling, as appropriate. Waste reduction and finding useful outlets, especially avoiding waste, are important from an economic and environmental point of view. The circularity approach is getting more and more attention and Stahl's ambition for waste and water is to achieve a high level of circularity. Circularity is based on the principle that a closed loop system requires (no or less) resources, since "waste" is input (raw material) instead of waste.

Disposal of waste is considered only as a last resort for Stahl and it has begun to regard waste more and more as a by-product, with value for other uses. It is also installing water treatment facilities at manufacturing sites which do not have such them. This will effectively reduce the amount of wastewater (classified as hazardous waste) sent to third parties for treatment.

Stahl reports and actively aims to reduce both hazardous waste and non-hazardous waste. Hazardous waste originates from rejected products/raw materials, waste from process installations (eg sludge from waste water treatment), waste from laboratories and empty used packaging. Non-hazardous waste includes glass, paper, wood, plastic, domestic and demolition waste.

The slight increase in waste intensity is caused by the decrease in production volumes.

	2019	2018	2017	2016
Hazardous waste (tons)	11,302	10,962	10,538	9,748
Non-hazardous waste (tons)	1,521	1,807	1,584	1,476
Total waste (tons)	12,824	12,769	12,122	11,224
Total production volume (tons)	208,114	228,440	238,590	207,923
Waste (total) intensity*	**0.062**	**0.056**	**0.051**	**0.054**

* *Total waste (hazardous + non-hazardous)/ total production volume.*

	2019	2018	2017	2016
Waste water send to external treatment (tons)*	14,397	15,620	18,124	15,038

Environmental provisions

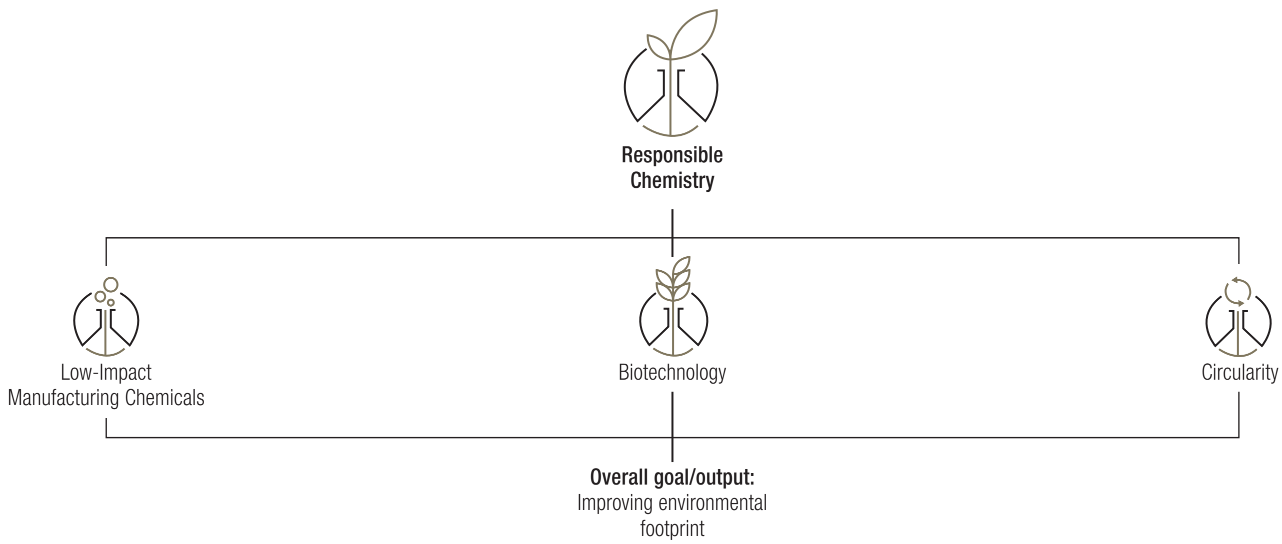
At end of 2019, Stahl's environmental provision for land pollution was €0.64 million.

4.3.4.5.4 Responsible Chemistry

CSR Risk	Description	Mitigation policies and actions	KPIs	2018	2019
Increasing demand and regulation for sustainable chemical products	Products not aligned to the requirements of brands, NGOs & consumer Customers causing environmental contamination with Stahl's chemical Unavailability of chemical raw materials due to regulation related to environmental or human health.	Regulatory watch & product stewardship Industry governance and initiatives (like ZDHC) Stahl's Responsible chemistry policy R&D	ZDHC compliant products (number of products in the ZDHC gateway), highest conformance level	N/A	1,274
			Share of finishing and coatings-related products that are water based	85%	76%
			Share of R&D projects on the elimination of restricted substances (% total projects)	25%	18%

Stahl has identified risks linked to innovation and the ESG performance of its products due to the increasing demand and regulation for more sustainable chemistry With many R&D centres around the world, employing over technical staff, Stahl's product research is aimed at providing high performance solutions that reduce environmental impact Stahl introduced its Responsible Chemistry Policy in 2019, which is aimed at fulfilling the requirements of consumers and brands on product environment footprint and mitigating the identified risks related to ESG performance listed in table 1 of this report.

Fig.2: Responsible Chemistry



Responsible Chemistry classifies the environment benefits of Stahl technology into three categories:

- low Impact Manufacturing Chemicals: refers to the impact of chemicals on human health and the environment. For example, chemicals compliant to the ZDHC Manufactured Restricted Substance List fall into this category, as measured by their level of compliance in the ZDHC Gateway® portal. Other products that represent an environmental footprint reduction for Stahl and its customers are also included in this group, for example *via* reduced water pollution or energy consumption. KPI;
- biotechnology: refers to chemistry derived from bio-based or renewable carbon resources (as opposed to fossil-fuel based or depleting resources). Stahl's bio-based polyurethanes and the Proviera Probiotics for Leather® portfolio, both fall into this category;
- circularity: refers to products or technologies that contribute to the repair and prolongation of materials, and products derived from waste or by-products which would otherwise be thrown away. Products that allow for successful composting and biodegradation of materials would also be included in this category.

The number of Stahl products listed (publicly) at Level 3 in the ZDHC Gateway portal (as of January 2020) is 1274, which represents all products in the (non-automotive) global Leather Chemicals portfolio, and a large share of Stahl's total product portfolio. Level 3 is the highest level of compliance defined and represents a significant milestone for Stahl.

4.3.4.6 Governance

4.3.4.6.1 Human rights, modern slavery, corruption, bribery risks

CSR Risk	Description	Mitigation policies and actions	KPIs	2018	2019
Corruption and bribery	Risk of corruption, bribery, modern slavery in Stahl's supply chain Risk of corruption, bribery, modern slavery in Stahl	Stahl Code of Conduct and Stahl Business Partner Code of Conduct Whistleblower policy E-learning training programs Due diligence questionnaire EcoVadis Business Sustainability Ratings (for suppliers)	Share of employees trained on these subjects	Compliance training > 50%	Compliance training, only new employees
				Course corporate policies: n/a	Course corporate policies: 90.4%
		Accounting procedures for anti-corruption	Whistle blowing – Number of cases treated	100% (2 cases)	100% (5 cases)

Stahl has identified corruption, bribery and modern slavery as a CSR risk in Stahl's operations and supply chains, as described in Table 1 of this report. Stahl's Code of Conduct ensures that human rights and the environment are respected by those parties with whom Stahl does business. Related to this, a whistle blower policy is in place with clear rules that allow employees to report suspicious behaviour that could be in conflict with the Code of Conduct, with the necessary protection guarantee for the whistle blower in question.

Stahl executed e-learning training programs in 2017 and 2018, focused on anti-bribery, anti-corruption and modern slavery in which special attention was given to awareness and red flags that can indicate non-compliant behaviour in the company or in the supply chain. Further mandatory training on Stahl's Compliance policy took place in 2019 thanks to the new EEP described in the Human Resources chapter of this report.

Stahl's Business Partner Code of Conduct is agreed and signed annually with commercial business partners like suppliers and distributors and agents. In 2019 Stahl began due diligence on the Code of Conduct by auditing selected suppliers on its implementation. The scope of Stahl's supplier due diligence will be amplified in 2020 by using the Ecovadis ratings system, which is already used throughout much of the chemical industry supply chain.

In 2019, Stahl published accounting procedures for anti-corruption for all Stahl locations around the world. This document covers best practices to be adopted for prevention and detection of corruption with regard to finance and payments.

4.3.4.6.2 United Nations Sustainable Development Goals

Stahl is committed to the guiding principles of UN Global Compact, the world's largest corporate sustainability initiative. With this commitment Stahl confirms the alignment of its strategy and operations with the universal principles of human rights, labour, environment and anti-corruption. Stahl is also committed to the 17 Sustainable Development Goals (SDG's) announced at the UN General Assembly in 2015. Its activities link to the SDG's are listed below.

- Poverty: In addition to local community philanthropy, Stahl is involved in wider industrial development in emerging regions with NGOs and governments. As an example, a Public Private Partnership between Stahl, Solidaridad and PUM that was launched in 2017, in Kanpur, India, is progressing well. The five-year project is focused on reducing water pollution, and its success will have an impact on securing jobs linked to the local leather industry in Kanpur, which has been severely threatened by forced closures in 2019 due to non-compliance with respect to environmental pollution.
- Good health: Stahl has committed to initiatives that will eliminate restricted substances from the supply chain, like the Zero Discharge of Hazardous Chemicals foundation, of which the company is a member since 2016.In January 2020 Stahl confirmed the highest (Level 3) level compliance for its leather chemicals portfolio to the ZDHC Gateway conformance standard for restricted substances.
- Education: Stahl Campus® was established to promote good practices throughout the supply chain (see the section Education & Training). Stahl also actively promotes the safe handling of chemicals and conducts seminars on this topic in emerging regions. The company holds regular Sustainability Seminars on CSR topics at leather manufacturing clusters around the world or to groups of stakeholders in the supply chain. In 2018 Stahl Campus® India (Kanpur) was opened to support the Public Private Partnership focused on water pollution reduction in the Ganges.

- Gender Equality: Stahl's Diversity and Inclusion policy was communicated in 2018 and is summarized in this report.
- Clean Water & sanitation: The company has successfully introduced effluent-reducing technologies like Proviera® – Probiotics for Leather™, Stahl NEO, Stahl EVO and Catalix® as well as water-reducing technologies like Easy White Tan®. The Public Private Partnerships launched in Kanpur, India and Ethiopia are also driven by a strong desire to reduce water pollution in the markets that the company serves.
- Renewable Energy and Climate Action: Stahl's goal of a 10% reduction in CO_2 emissions by 2020 (in line with the 2015 Paris Climate Agreement) was achieved in 2019. This implies the adoption of renewable energy sources and raw materials, as well as energy efficient technologies at its sites. Beyond this, Stahl has begun to use solar panels at its site in Brazil as part of a longer term goal of sourcing from on-site renewable energy, not only from the green electricity network.
- Jobs, economic growth: The Public Private Partnership in Kanpur, India, is one example of its commitment to sustainable economic growth. The EU funded project aimed at promoting efficient technologies for the Ethiopian leather industry is another. Both projects are focused on reducing pollution which has a direct connection with securing sustainable economic development and therefore jobs for the local industries. Without such pollution control initiatives, companies in these sectors would fail and eventually be forced to close.
- Reduced Inequalities: Stahl's Code of Conduct was implemented in 2015 and the Stahl Diversity and Inclusion policy was implemented 2018. E-training courses were conducted and completed by all employees in 2019 on diversity and anti-corruption.

4.3.4.6.3 Trusted Partnerships

The company is proactively involved in many industry ESG initiatives, like the Leather Working Group (LWG), a multi-stakeholder association which develops and maintains an audit protocol that assess the environmental compliance and performance capabilities of leather manufacturers and promote sustainable and appropriate environmental business practices within the leather industry. The mission of the LWG is to raise the bar of environmental stewardship through its audit protocol for tanneries, to allow better choices to be made about sourcing leather. Audit implementation and its maintenance is the LWG's main activity and Stahl is a member of the Executive Committee, which currently consists of four clothing/footwear brands (Wolverine, VF Corporation, Louis Vuitton and Clarks), four leather manufacturers and one chemical supplier (Stahl).

Stahl is an active value chain affiliate of the Zero Discharge of Hazardous Chemicals (ZDHC) foundation, and became a bluesign® system partner in 2017.

4.3.4.6.4 Non-profit activities in emerging countries

- A five-year Public Private Partnership (PPP) between Stahl, Solidaridad, and PUM was launched in 2017, in Kanpur, India (see SDGs).
- A PPP in Ethiopia, with several partners and NGOs, including is focused on pollution reduction in the tanning sector. Stahl's contribution to this project is training in cleaner technologies, *via* Stahl Campus® training on the relevant modules for workers and management at the tanneries.
- In 2019 a project was initiated in Bangladesh by three key members of the TEGEWA group of chemical suppliers (Stahl being one of them) and the Dutch NGO Solidaridad. Officially kicked off in Q1 2020, the project is focused on practical way to improve the safe handling of chemicals in the leather manufacturing cluster of Savar, in Dhaka, and is focused on the well-being of factory workers in the cluster.

4.3.4.6.5 External education and training (Stahl Campus®)

Stahl is committed to filling the talent gap observed in some of the markets that the company serves by actively seeking ways to educate and train university students, NGOs, brands, suppliers, distributors, customers and other stakeholders in the supply chain. Stahl Campus® is the global knowledge center established by Stahl to achieve this. Started in 2014 in Waalwijk (Netherlands) & extended to León (Mexico) in 2015 and Guangzhou (China) in 2016, a new Stahl Campus® Center of Excellence was opened in Kanpur, India in 2019. The goal of Stahl Campus is to promote good practices and transparency throughout the supply chain by hosting trainees in Stahl's state-of-the-art laboratories to strengthen their knowledge *via* theoretical and practical training modules. Stahl Campus® is a key element of the company's strategy of promoting transparency throughout the supply chain.

In 2019, 842 people attended Stahl Campus® training courses around the world. Notably in 2019, the Automotive Leather Finishing Post Graduate Certificate course was held for the second time in Stahl Campus® Mexico – a six-week course (3 x 2-week modules held over the academic year) developed in collaboration with the University of Northampton (UK), in which students receive an official Post Graduate Certificate upon completion. This 2nd course will be completed in Q2 2020.

4.3.4.7 Duty of Care

Stahl carried out a review of its risk assessment and control policies within the scope of the French laws on Duty of Care. This review covered the risks linked to its employees, suppliers and customers/external markets. Stahl has adopted governance policies covering health and safety, environment, human rights in order to mitigate such risks. These policies are included in the risk mapping section below.

4.3.4.7.1 Vigilance Plan

Stahl's vigilance plan corresponds to the French law 2017-399 (March 2017) on Duty of Care. The vigilance plan identifies and aims to prevent the risk of serious violations of human rights and fundamental freedoms as well as harm to human health, safety and the environment. The Stahl Vigilance team meets periodically to monitor the effectiveness of the Vigilance plan.

1. **Risks linked to human rights and the societal impact of Stahl's activities, *e.g.* forced labour, freedom of association, modern slavery, discrimination, diversity and inclusion.**

Stahl recognizes that modern slavery, corruption, diversity and discrimination need to be eliminated from its industry at all levels.

<u>Mitigating the risk:</u>

- Stahl's Code of Conduct for employees (introduced in April 2013) describes its commitment to a working environment where equal opportunity and respect are prioritized. The Stahl Employee Code of Conduct has chapters on modern slavery, conflicts of interest, business practices, data and IP protection, financial reporting and also outlines the whistleblower rules;
- the Stahl whistleblower policy allows employees to report suspicious behaviour, by e-mail or phone, which could be in conflict with the Code of Conduct, with the necessary protection guarantee for the whistleblower in question. An email address dedicated to report suspicious behaviour by external parties is publically available on the website;
- Stahl introduced a Code of Conduct policy in 2015 for its business partners, and it initiated supplier audits in 2018 as a means to mitigate the risks of non-compliance with the Code of Conduct. This supplier auditing process will be upgraded and formalized in 2020 using the Ecovadis system of self-assessment. The Code of Conduct is already standard part of all commercial agreements and contracts with third parties doing business with Stahl. Both Codes of Conduct are discussed during the monthly Management Team and quarterly meetings with the Quarterly Executive Control Group;
- the company implements a separate policy on diversity and inclusion in the workplace (Stahl group Diversity and Inclusion Policy). The policy commits to embedding equality, diversity and inclusion across the organization rather than viewing it as an abstract principle. Equal treatment is at the heart of the organization and Stahl believes that this will produce a more innovative and responsive organization. The company also believes that there is much more to diversity than age, gender, race and cultural background. A diverse workplace includes people who can offer a range of different viewpoints and ideas;
- consistent with its strategy of growing its leadership talent, Diversity and Inclusion principles have also been embedded within its core leadership development programs to encourage managers to demonstrate them as part of their leadership behaviour. Stahl has also committed to build cultural intelligence and equality into its performance review, hiring and talent identification processes;
- the company runs online training courses to ensure that employees understand the issues of modern slavery, diversity, discrimination, equal treatment, sexual harassment etc., with regard to their own behaviour and that of the company's business partners. To complete the e-learning training, participants are required to study the material and take a test at the end. Special attention is given to awareness in these programs, and to the red flags that can indicate non-compliant behaviour in the supply chain. All employees received further compliance training in 2019 as part of the Employee Engagement Platform (EEP) as described in the HR chapter of this report.

2. **Risks linked to the health and safety of employees & contractors, including accidents, injuries, illness, exposure to chemicals.**

The risks in this category range from injuries to employees from slips or falls, to more significant accidents involving chemical spills, machinery operations or exposure to dangerous substances. These are well known in the (heavily regulated) chemical industry and Stahl holds itself to the highest health and safety standards in this respect.

<u>Mitigating the Risk:</u>

- Stahl is confident that the residual risk specific to its own activities related to safety and health is low, given the highly regulated nature of the chemical business and additional actions taken by Stahl to mitigate these risks;
- the chemical industry is governed by strict legislation, permits and licenses. External organizations, including governmental bodies, ISO and many industry initiatives, visit and audit Stahl on a regular basis;

- Stahl has a strict SHE (Safety, Health and Environment) policy that sets clear rules, guidelines and KPIs for all its manufacturing sites and work places. With regards to safety Stahl has drawn up a zero tolerance policy towards unsafe acts;
- the Stahl Code of Conduct for business partners includes a health and safety section;
- auditing of Stahl sites is continuous and reporting on safety and health, including accidents and incidents, is done monthly and annually;
- training courses are held continuously throughout the company on chemicals management and handling of flammable materials;
- the use of CE certified equipment is mandated as well as associated training;
- Stahl has identified safety and health risks at customers who use its chemicals, and this also requires action for mitigation, given the potential harm caused by its products to people working at those organizations. Indeed many of its customers work in environments which are not as highly regulated as the chemical industry. Stahl has taken action, either alone or in conjunction with other peer companies and NGOs, to train users in these cases on (1) the safe use of chemicals, (2) the correct use of personal protective equipment, and (3) communicating clear rules on exposure prevention for potentially harmful chemicals. In addition to this, Stahl itself regularly hosts seminars around the world, for example in India, Pakistan and Bangladesh, which are attended by large groups of customers, which are focused on safety, health, environmental stewardship and sustainability in general. In 2019 Stahl initiated a project as part of the TEGEWA group of chemical suppliers in Bangladesh, in conjunction with the Dutch NGO, Solidaridad, on improving the safe handling of chemicals in the leather manufacturing area in Dhaka. Using its knowledge, and that of governance bodies like UNIDO, Stahl hopes to improve the well-being of factory workers in the cluster *via* practical training on the use of protection equipment and knowledge training on the use and handling of typical chemicals used in the industry;

3. **Risks linked to protection of the environment, *e.g.* air & water pollution, water consumption, waste management, restricted chemical substances, climate change, biodiversity, local community impact.**

These risks are linked to unplanned releases to the environment of hazardous materials from Stahl sites, as well as the risks linked to the environmental stewardship practices of its partners in the supply chain, especially those who use its products in their manufacturing operations.

Mitigating the risk:

- Stahl recognizes the challenges for the planet and has aligned its policies to the 17 Sustainable Development Goals agreed by the United Nations in 2015, and to the targets outlined in the Paris Climate Accord;
- climate change: in 2015, Stahl established a 5 year target for CO_2 emissions reduction (less than 10%). The company achieved that target in 2019. CO_2 emissions are reported each quarter, and in the annual Stahl ESG report;
- Stahl's strict SHE policy covers the risks linked to spills or releases into the environment, including a dedicated spill team who are trained regularly;
- spills, releases, incidents and environmental KPIs (CO_2, energy, water, waste) are reported and analysed monthly;
- environmental stewardship in the supply chain: Stahl's corporate strategy is to initiate projects that promote transparency throughout the supply chain. This includes the promotion of responsible environmental practices in the industries that the company serves. As an example, Stahl is a Board member of the Leather Working Group, the largest leather industry association. The Leather Working Group (LWG) has developed an audit protocol for leather tanneries around the world in order to level the playing field and create a recognized standard for environmental stewardship. Approximately 20% of the world's leather is audited according to the LWG protocol. Stahl also hosts annual seminars in India, Pakistan and Bangladesh, attended by large groups of customers, NGOs and industry associations, during which safety, health, housekeeping and environmental stewardship issues are presented and discussed in detail;
- Stahl's global portfolio for the garment fashion & footwear segments has been certified as compliant to the ZDHC MRSL. Approximately 1200 products have been certified at Level 3 compliance to the ZDHC Gateway conformance, the highest compliance level.

4.3.4.8 Stahl Reporting methodology

4.3.4.8.1 Reporting scope

- Unless otherwise indicated, HR data are reported for all Stahl entities worldwide.
- Reporting scope – history for environmental data.

Site	2019	2018	2017	2016	2015
Brazil, Portao	Y	Y	Y	Y	Y
China, Suzhou	Y	Y	Y	Y	Y
France, Graulhet	Y	Y	Y	-	-
Germany, Leinfelden	Y	Y	Y	Y	Y
India, Kanchipuram	Y	Y	Y	Y	Y
India, Ranipet	Y, until & including June	Y	Y	Y	Y
Italy, Palazzolo	Y	Y	Y	Y	Y
Mexico, Toluca	Y	Y	Y	Y	Y
Netherlands, Waalwijk	Y	Y	Y	Y	Y
Singapore, Singapore	Y	Y	Y	Y	Y
Spain, Hospitalet	Y, until and including June	Y	Y, from October onwards	-	-
Spain, Parets	Y	Y	Y	Y	Y
USA, Calhoun	Y	Y	Y	-	-
USA, Peabody	-	-	Y, until and including September	Y	Y

Y=Yes, full year and – = not reported.

Methodological limitations and uncertainties

The reporting methods for certain CO_2 indicators for Scope 3 emissions may have certain limitations due to the pragmatic considerations of collecting and consolidating the relevant data.

4.3.4.8.2 Social indicators

Total workforce

The total workforce is the number of employees with a permanent or fixed-term contract with the Stahl group on the last calendar day of the month. The data are reported in terms of full-time equivalents.

4.3.4.8.3 Safety indicators

Population considered

In the KPI preparation, the following types of population are considered:

- contractor specific: A contractor present at Stahl only for specific projects or works;
- contractor usual: A contractor present at Stahl on a regular basis. i.e. maintenance personnel, security guards or personnel working in the canteen;
- Stahl worker: any person having a personal work contract with Stahl.

Based on this definition, the influence of workers in the KPIs is as follows:

Relation with Stahl	Reported by site in case of injury	Consideration in Stahl SHE&PS Injury KPIs	Consideration in Stahl SHE&PS Days lost, LTI KPI and Severity Rate
Stahl Worker	YES	YES	YES
Usual Contractor	YES	YES	NO
Specific Contractor	YES	NO	NO

The reasons for these criteria, are summarised as follows:

- in terms of injuries (Injuries KPIs), when a "specific contractor" is at Stahl, it means that he or she is at Stahl only for specific tasks for a short time, not on a regular basis. If there is an injury to a specific contractor, it is reported, investigated, managed and the necessary actions taken, but it is not included in the Stahl injury KPI calculation. These injuries are entered into the management system in terms of permits, coordination of activities and supervision. Though specific contractor behaviour is their own responsibility, if Stahl identifies a contractor misbehaving in terms of safety, the company will prohibit that person from working at Stahl for a defined period of time or permanently;
- some contractors work at Stahl on a regular basis (e: daily). For this reason, they are more involved with Stahl and, in a sense, operating under its management system and criteria. If one of these "usual contractors" gets hurt in an incident, it is reported and included in the company's injury KPI calculation;
- in terms of lost time (LTI KPIs), contractors are defined as workers from an external company with which Stahl has a service contract. If any such contractor is injured, the service company provides a replacement the next day, ensuring that the service is not interrupted. In this sense is the service company may report lost time but contractors are not (neither specific nor usual) included in Stahl's 'number of days lost' KPI.

Total Recorded Injuries Frequency Rate

The total recorded injuries (TRI) frequency rate is calculated as number of total recorded number of injuries in the last twelve months over total number of worked hours and referenced to a base of 1,000,000 h.

Lost-time injury frequency rate

The lost-time injury frequency rate is the number of accidents involving the loss of one or more days of working time in the last twelve months over total number of worked hours and referenced to a base of 1,000,000 h.

Severity rate

The severity rate is the number of lost working days due to injuries in the last twelve months over total number of worked hours and referenced to a base of 1,000 h.

4.3.4.8.4 Environmental indicators

Carbon Footprint

The carbon footprint is calculated according to three scopes of emissions:

- direct Greenhouse Gas (GHG) emissions are those that occur from sources that are owned or operationally controlled by the company–company owned or leased cars, other company vehicles, gas and oil used on its sites (Scope 1);
- indirect emission sources related to energy (in the form of electricity, steam, heat and cooling) are purchased from the grid or district (Scope 2).
- expected other indirect emission sources (scope 3) following the Green House Gas protocol.

The source of its emission factors are:

  - oil: guidelines for National Greenhouse Gas Inventories, volume 2,
  - gas: guidelines for National Greenhouse Gas Inventories, volume 2,
  - coal: guidelines for National Greenhouse Gas Inventories, volume 2,
  - steam: emission Factors for Greenhouse Gas Inventories,
  - electricity: Ecometrica (2011) electricity-specific emission factors for grid electricity;

The carbon footprint data is reported annually.

Approach and methodology CO_2 scope 3

Stahl reports its scope 1 and 2 emissions each year. Indirect scope 3 emissions have been quantified in 2017. Stahl worked with an external consultant to calculate its scope 3 CO_2 emissions for the year 2017 and to provide the company with a model to calculate its scope emissions on a yearly basis in the future, that was used for the estimation of the emission in 2018. This report contains a summary, which is required to report on following the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard (chapter 11)".

Standard

Stahl's scope 3 emissions have been quantified based on the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard". This standard lists 15 sources of scope 3 emissions.

Category	Methodology
Cat 1: Purchased goods and services	Emissions related to raw materials have been estimated based on top 30 raw materials purchased, Top 15 chemical Groups and top 10 types of packaging used.
Cat 12: End-of-life treatment of sold products	End-of-life emissions from sold finished goods have been estimated by assuming a carbon content of 80% and the assumption that all finished goods (*i.e.* coatings on leather) will be incinerated at the end of the product lifecycle.
Cat 4: Upstream transportation and distribution	Available transport data for Waalwijk, including information about weight, destination, type of transport (internal/external, paid for by Stahl or not) and mode of transport, has been extended to include estimations for travelled distance per destination. Distances by truck have been estimated using Google Maps. Intercompany trips were adjusted for by a correction factor of 50%. Extrapolation from Waalwijk data to Global data has been done based on the amounts (kg) shipped from Waalwijk versus amounts shipped globally.

For CO_2 eq emissions from scope 1, 2 and 3, there are uncertainties due to the intrinsic uncertainties from emission factors.

Stahl reports Scope 3 emission in a range of 30 million CO_2 eq, since indirect emissions are an estimated calculation as per the GHG protocol.

Energy

The energy consumption includes all energy sources consumed by the Stahl production sites around the world. The figures indicated do not include energy consumed by offices and laboratories that are not geographically connected to one of the production sites.

Water

The water consumption includes all water sources consumed by the Stahl production sites around the world. The figures do not include water consumed by offices and laboratories that are not geographically connected to one of the manufacturing sites.

The "Other water consumed" indicator is related to the Palazzolo site in Italy. There Stahl is using water in addition to the usual consumption for cooling, to help the community to maintain the low level of groundwater. Water is taken and resent to the well without any contamination, and thus does not contribute to water scarcity.

Waste

The waste indicator includes all hazardous and non-hazardous wastes generated by the Stahl production sites around the world. The figures do not include waste generated by offices and laboratories that are not geographically connected to one of the production sites.

Furthermore, Stahl reports wastewater that is sent to an external treatment center. This data only relates to the sites in Waalwijk and Toluca. The other manufacturing sites have their own wastewater treatment plant.

Consolidation and internal controls

The HR and SHE departments are responsible for consolidating social and safety data based on the information provided by the industrial group.

At each industrial site, the SHE Manager reviews safety and environmental data reported before the group-level consolidation is performed.

The social data relating to the workforce are compared against the consolidated data in the group's finance database for consistency.

4.3.5 Tsebo

4.3.5.1 Introduction

4.3.5.1.1 Tsebo overview and business model

Founded in 1971 in South Africa as a food services company, the Tsebo group is now the leading workplace management solutions provider in Africa. Tsebo employs circa 38,000 people and operates on over 7,500 customer sites in 27 countries.

Tsebo's values are at the heart of its culture, and reflect the company's priorities:

- integrity: embrace highly ethical, moral and respectful behaviour, without exception;
- enterprising: seek opportunity, be responsive, strive for continuous improvement and nurture an entrepreneurial mindset;
- caring for people, communities and the environment;
- diligent: be rigorous, efficient and dependable.

Tsebo offers to its clients (companies and organizations) a wide range of integrated solutions including maintenance, facilities management, catering, cleaning and hygiene, energy management and security. Tsebo also specializes in remote camp services.

It operates in both the public and private sectors across numerous market segments such as financial services, resources, manufacturing, healthcare and service companies.

The following principles underpin the Tsebo brand:

- productivity: Tsebo manages functions that are not part of its customers' core business but that are essential to their operations. These services enable its customers to address the difficulties in penetrating African markets in all tranquillity, reduce their costs, improve their profitability and focus on growing and developing their business in Africa;
- measurability: Tsebo supplies its customers with tangible, quantifiable solutions: lower costs, added value, adherence to quality standards, reduction of risk, clear sales terms and quality customer service;
- innovation: Tsebo encourages and develops innovation in all of its divisions so as to improve the quality of service provided to customers;
- social development: Tsebo strives to create economic and social value for African people and communities. The company collaborates with customers so as to help develop skills, rural enterprises, local small to medium enterprises and entrepreneurships. Tsebo fosters socially responsible investment initiatives and supports various charitable causes;
- sustainable development: By making sustainable development central to its business, Tsebo is attentive to environmental protection and to the interests of local communities and in this way, promotes collective well-being;
- governance and ethics: Tsebo embraces a highly ethical, moral and respectful behaviour, without exception. Tsebo adheres to all applicable in-country legislation where Tsebo has operations. Tsebo has a commitment to time-honoured value of doing the right thing consistently regardless of the circumstance.

With their numerous service offerings, Tsebo is required to comply with an array of industry legislation and regulations, namely; the Occupational, Health and Safety Act, National Environmental Management Act, the Employment Equity Act and the Prevention and Combatting of Corrupt Activities Act. The nature of the acts requires Tsebo to identify risk factors, assess them and implement the appropriate mitigation policies. The legal, compliance and risk divisions at Tsebo ensures the application and implementation of these processes.

In 2018, Tsebo, as a company with the Wendel Group, put in place the provisions from the law on the Duty of Care and set out the aims relating to the requirements for the Duty of Care in a Vigilance Plan. This plan has been updated for 2019.

TSEBO

SHAREHOLDER GOVERNANCE

SHAREHOLDERS : WENDEL (66.5%), CAPITAL GROUP (33.5%)

BOARD OF DIRECTORS

5 members — **60%** of independent — **60%** of women

2019 REVENUE

$587m

VISION

To be the Afric Middle East Leader in integrated Workplace Management Solutions and the partner of choice for clients operating in the region

MISSION

"To provide our clients with Workplace solutions that support their success, whilst creating opportunity for upliftment for our people and communitie"

VALUES

Integrity
Enterprising
Caring
Diligent

ENVIRONMENTAL PERFORMANCE

Waterless cleaning

Improved environmental packaging

Energy - saving across divisions to minimize electricty usage and GHG emissions

Digitization

RESOURCES

HUMAN CAPITAL

38,000 employees in 27 countries

- 40% men / 60% women
- 78% South Africa
- RSA B-BBEE Level 1 Certificate
- 49 Tsebo offices in Africa

INTELLECTUAL CAPITAL

Tsebo skills academy

PROCUREMENT

1. Food & Beverages	**55%**		**4.** Cleaning & Hygiene	**4%**
2. Hard and Soft Services	**30%**		**5.** Automotive	**1%**
3. Light & Heavy Equipment	**10%**			

USE OF RESOURCES

Tsebo offers to its clients a wide range of integrated services.
Tsebo also specializes in remote camp services.

DIVISIONS	Facilities (TFS)	Catering	Cleaning
BRANDS	• Tsebo • TseboRapid • Backbone Management	• Tsebo • Fedics • TsAfrica	Tsebo
SALES	26%	29%	11%

75% of the revenue in South Africa

OUTPUT

CLIENTS

7,462 client's sites

100m meals served per annum

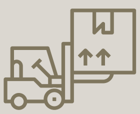
KEY

Key partners — External resources — Internal resources

OPERATIONAL GOVERNANCE

13 members **23**% of women

43,832
training interventions in 2019



CERTIFICATIONS / MANAGEMENT SYSTEMS

ISO 9001
Quality Management

ISO 14001
Environnement

ISO 22000
Hygiene

OHSAS 18001
HACCP
Health & Safety

Services : maintenance, facilities management, catering, cleaning and hygiene, energy management and security

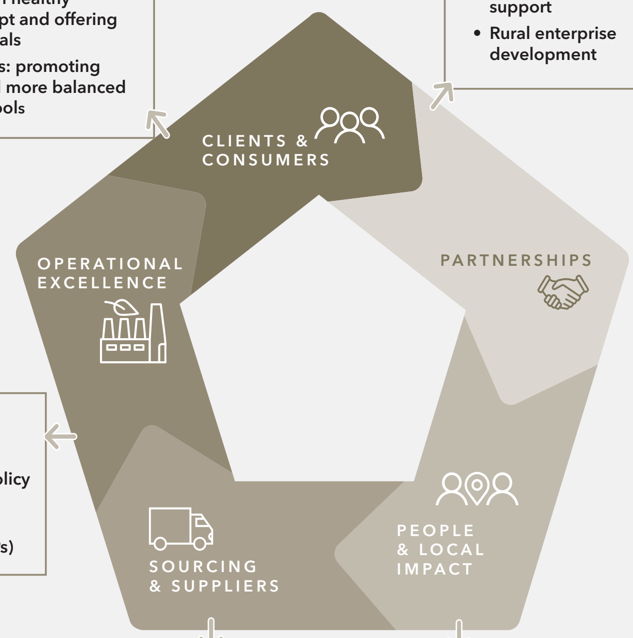
Security	International (outside of South Africa)
Thombum	Remote Camps • Tsebo, ATS • Tsebo Servco All divisions are present outside of South Africa
9%	25%

Oil & Gas – Mining & Resources – Corporate & Financial Services – Manufacturing – Healthcare – Education - Leisure & Entertainment – Retail & Wholesale – Public Sector

Value creation for External Stakeholders

Offering **healthy meals options** :
- "Dietitian approved" menus in hospitals
- PURE program: inform consumers on healthy eating concept and offering balanced meals
- SmartChoices: promoting healthier and more balanced meals in schools

Partnerships with local communities
- Skills development
- Youth employment
- Job creation
- SMME development and entrepreneurship support
- Rural enterprise development



- SHEQ (Safety Health Environment and Quality) Policy
- Good Management Practices (GMPs)

Share of expenses in local purchases:
99% in South Africa
97% in the resf of Africa

- Tsebo foundation
- Tirhani Trust
- Community Engagement Activities (CEA) Programme

4.3.5.1.2 Risk Mapping

Updating of the extra-financial erformance declaration (EFPD) required the performance of a risk assessment, to ascertain whether the 2018 risks were still applicable. Once Tsebo assessed whether the existing risks were still applicable to the business, those risks were updated with the progress made in 2019, relating to the mitigation thereof. Tsebo, considered previous incidents and associated risks that were faced in the business over the last year in the determination of the relevance of selection. Once the applicability of risks was established Tsebo considered which risks were inherent to their environment both from an operational, financial and compliance perspective. Then, they assessed these risks by evaluating the financial and extra-financial impact and the likelihood of occurrence.

In this exercise, internal consultations with the human resources, compliance, legal, health and safety at work, and purchasing departments were conducted. These assessments were done at a group level for Tsebo Solutions Group.

4.3.5.1.3 Overview of Tsebo's extra financial risks, policies and key indicators

The following table presents an overview of the extra financial risks identified by Tsebo. The table presents a short summary of the policies implemented by Tsebo to mitigate the risks identified, the Key Performance Indicators defined to monitor the policies, as well as the results for these indicators for the year 2019. Finally, the table indicates which paragraphs should be referred to in order to have more information on these.

CSR Topics	Extrafinancial risks	Description	Mitigation policies and actions	KPIs	Related Paragraph
HEALTH & SAFETY (Wendel historical priority)	Occupational health and safety	Due to the nature of Tsebo's operations, it faces the risk of employees being injured due to the lack of safe work practices.	Good management practices. Safe operating procedures. The health and safety handbook. Reporting of incidents policy. Weekly toolbox talks.	Lost Time Injury Frequency Rate (LTIFR). Severity rate of accidents (LTISR).	4.3.5.3.1
	Health and safety of consumers	Injuries and diseases of customers due to food borne diseases, caused by unsafe practices.	Good Management Practices. Food Safety Manual. Food safety audits.	Number of Catering sites audited for food, health and safety.	4.3.5.3.2
ESG PERFORMANCE OF PRODUCTS AND SERVICES (Wendel historical priority)	Nutrition	Inability to meet clients' demands in healthy meal options (particularly for schools and hospitals).	Healthy options available to clients.	None	4.3.5.4.1
SOCIAL	Labour relations	Labour claims following unfair labour practices.	The Tsebo HR disciplinary handbook. The Tsebo HR grievance policy.	Number of labour referrals (monitored but not disclosed). Financial loss due to labour claims (monitored but not disclosed).	4.3.5.2.2
SOCIAL	Diversity and discrimination.	Tsebo could risk losing its level 1 Broad-Based Black Economic Empowerment (BBBEE) status and have reputational damage caused from not adhering to the Employment Equity Act (EE Act) requirements.	The Tsebo HR eight minimum standards.	Retention of its Level 1 BBBEE status.	4.3.5.2.3

CSR Topics	Extrafinancial risks	Description	Mitigation policies and actions	KPIs	Related Paragraph
SOCIAL	Training	The lack of adequate training on the correct topics for employees will lead to Tsebo having an unskilled workforce that is unaware of the policies, procedures and mechanisms in place in the company.	Learning and development strategy and standards. Learning and development policy. Tsebo Skills Academy.	Positive outcome of Sector Education Training Authority (SETA) audits. Number of training interventions. BBEE score on Skills Development. Training budget and spend.	4.3.5.2.4
SUPPLY CHAIN	Procurement	Doing business with a supplier that does not adhere to Tsebo's values in terms of health, safety, the environment, anti-corruption and anti-bribery (ABAC) and human rights.	The supplier audit policy. Corruption & Bribery: ABAC & HSE requirements in the Supplier Agreements.	Supplier audit results.	4.3.5.4.2
GOVERNANCE	Anti-Bribery and Anti-Corruption	Failure to prevent bribery and corruption.	Code of Conduct and good business conduct policy. Gift policy. Gifts disclosure form. Anti-bribery and Anti-corruption policy. ABAC training. Annual newsletters and awareness mailers. Tip-Offs Anonymous hotline. Outside business interest declarations.	The number of tip-offs received from the Hotline relating to bribery and corruption.	4.3.5.4.3
ENVIRONMENT	Food waste	Inadequate food management processes and practices resulting in high levels of food wastage.	Food waste policy. Environmental policy. Good management practices.	No KPI.	4.3.5.5.1

4.3.5.2 Human Resources

4.3.5.2.1 General information

Tsebo recognizes that the sustainable growth of the business depends on the quality of its Corporate governance, the professional development and engagement of its employees, proactive management of risks and sound partnerships that are built with customers and local communities.

During 2019, significant improvements have been made to achieve greater accuracy of employee information and enhancing Tsebo's ability to improve Human Resource (HR) service delivery and management information.

Tsebo implemented an HR information and management system which interfaces with payroll, the system ensures governance in terms of managing the employee end-to-end lifecycle and employee records. This is managed internally within the HR department using centralised compensation and benefits hubs. Robust HR processes and well documented transactions limit the risk of inaccurate data and further ensures compliance to labour legislation. The Employee and Management Self-Service (EMS) platform has also been rolled out, enabling employees to electronically access and update personal information and manage leave. The EMS system also allows employees to retrieve their payslips and other personal documentation.

An additional process enhancement is the automation of leave through a biometric rostering system that interfaces with the employee payroll. This has resulted in more accurate scheduling and leave management.

A similar process has been adopted in Egypt as they migrate from SAP to Dynamix 365. This migration will allow a group wide system that harmonises the HR process throughout the group.

Pay Stubs has been implemented and rolled out to a third of the workforce, which serve as a high-level summary of an employee's payslip and delivered via Short Message Service (SMS). This initiative has reduced the number of payroll errors and allowed Tsebo to deliver payslip information to employees on time.

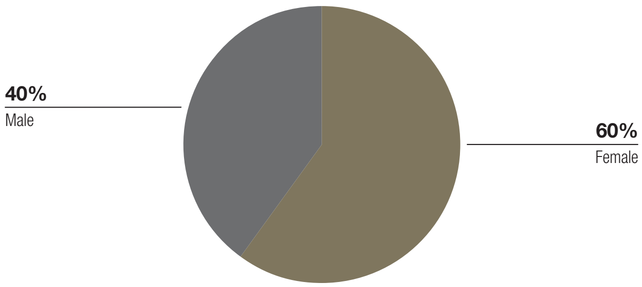
Tsebo has improved the functionality of their Careers Centre and applicant tracking system (Neptune), with more than 154,797 applicants to date. The system has also enabled the businesses to develop talent pipelines and to screen applicants in anticipation of new business opportunities and resource requirements.

In 2019, Tsebo employed almost 38,000 people across the continent of which 80% were based in South Africa. The workforce in South Africa has a high percentage of female employees at circa 60%.

Average headcount	2019	2018	2017
Total headcount	38,149	38,674	32,355
South-Africa*	30,604	32,827	32,355
Other countries	7,545	5,847	Data not consolidated for 2017

* *South Africa data includes Swaziland, Lesotho and Botswana data.*

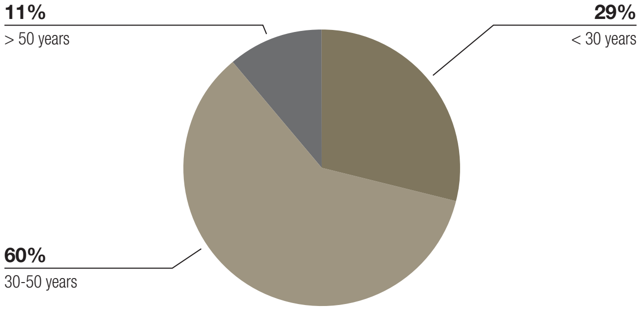
Headcount by gender for South Africa



The percentages above are calculated based on the total physical headcount by Dec 1, 2019.

Breakdown of personnel by age bracket

Tsebo actively supports the employment of youth. 29% of the South African workforce is younger than 30 years of age. Most of Tsebo's South African workforce, 60%, is between the ages of 30 and 50 years. Above 50 years old is 11%.



The percentages above are calculated based on the total physical headcount by Dec 1, 2019.

Tsebo is subject to local labour legislation and complies with all legislative and regulatory requirements. To this end Tsebo has developed and rolled out mandatory standards on the management of employees. These in-house standards are in line with:

- the expected skills;
- diversity and inclusion;
- employee performance and reward;
- training; and
- the optimization of organizational design and workforce.

4.3.5.2.2 Labour relations

Extrafinancial risk	Description	Mitigation policies and actions	KPIs
Labour relations	Labour claims following unfair labour practices	The Tsebo HR disciplinary handbook The Tsebo HR grievance policy Employee Experience Questionnaire	Number of labour referrals (monitored but not disclosed) Financial loss due to labour claims (monitored but not disclosed)

Labour relations refers to the relationship between employers and employees in industry, and the political decisions and laws that affect it. Tsebo strives to balance good labour relations within all countries of operation to minimise the risk of financial penalties in relation to non-compliance with country legislation.

Tsebo strives to engage its employees through good people practices and promoting open dialogue with employees and trade unions. Tsebo respects freedom of association and the right to collective bargaining in accordance with local legislation. From the clearly articulated values, HR Standards and policies such as the disciplinary handbook and the grievance policy, Tsebo ensures that it creates a positive work environment. Tsebo's managers and employees comply with processes and policies in order to manage all issues in a respectful and responsible manner.

Apart from internal policies, the local legislative environment dictates compliance to Bargaining Council and Sectoral Determinations – Tsebo is fully compliant to these requirements.

Labour Claims are closely monitored, and cost of labour claims and days lost to strikes are tracked on a monthly basis. This is to ascertain the level of compliance by Tsebo to labour regulations.

Tsebo requires its suppliers to follow the principles and procedures regarding labour relations. Tsebo Supplier Agreement contains clauses that clearly define labour requirements for their third parties.

Tsebo launched its first Employee Experience questionnaire in 2019. This questionnaire focuses on an employee's experience of working at Tsebo and the elements associated with influencing their decision, to stay or leave the company.

Tsebo acknowledges that if they want to be an employee of choice by providing employees with a positive working experience, they must be rated favourably by employees on the following six elements:

- a positive working environment and culture;
- growth Opportunity;
- meaningful work;
- supportive Management;
- trust in Leadership;
- caring.

As at the end of December 2019 88% of the respondents of the Employee Experience questionnaire indicated that they still intend to work for Tsebo in one year's time.

4.3.5.2.3 Diversity and discrimination

Extrafinancial risk	Description	Mitigation policies and actions	KPIs
Diversity and discrimination	Tsebo could risk losing its level 1 Broad-Based Black Economic Empowerment (BBBEE) status and have reputational damage caused from not adhering to the Employment Equity Act (EE Act) requirements	The Tsebo HR eight minimum standards	Retention of its Level 1 BBBEE status

Increased diversity is vital to the continued success of the group because the skills and talents needed to lead, develop and grow a global business are found in people from a diverse range of backgrounds. Tsebo has a level 1 Broad-Based Black Economic Empowerment (BBBEE) status, which it risks losing if all requirements in the Broad-Based Black Economic Empowerment (B-BBEE) Act 53 of 2003 is not met. Having an inclusive environment where people can flourish not only increases levels of employee engagement and productivity, but also accelerates the rate at which Tsebo can attract people with these skills and talents. Inclusive Employment Equity and Skills Development Forums are essential in Tsebo complying with the Employment Equity Act no. 55 of 1998 (EE).

These two pieces of legislation, as mentioned above, are central to the social fabric of Tsebo and the society at large as they are designed to ensure (through penalties and incentives) that companies adopt a proactive approach to transformation, equality and diversity. Both codify the South African government's national imperative to correct the wrongs of the past and create more opportunities for previously disadvantaged people.

The B-BBEE Codes provide for a rating system or scorecard of companies with level 1 being the best, based on performance in the various subcategories of ownership, management control, skills development, enterprise and supplier development and socio-economic development for previously disadvantaged individuals.

Companies with a higher rating or scorecard have a competitive advantage in the market through better pricing and better contract wins and retention. Companies are in-turn encouraged to use highly rated BBBEE suppliers to bring equilibrium and equal opportunity to all levels of society.

Although the above-mentioned regulations are specific to South-Africa, the HR minimum standard on diversity and inclusion is not restricted to the countries or operational requirements of Tsebo. It is a universal standard relating to diversity and inclusion, applicable to all countries Tsebo operates in.

The risks of potential impacts on human rights and fundamental freedoms have been identified and the Tsebo group Human Resource Standards Framework has set out the minimum standards to be followed in order to respect the group's values and prevent severe impacts on human rights and fundamental freedoms.

Tsebo group HR Standards Framework

HR departement	HR measurement		HR Technlogy
Recruitment	■ Fair and transparent recruitment processes compliant with regulations ■ Approval to recruit as per group HR matrix ■ Recruitment agencies/brokers as per agreed policy and group HR matrix ■ Competent recruiters per division ■ Psychometrics administered by qualified person ■ All vacancies published internally on the Tsebo career site ■ Senior management recruitment centralized ■ Compliance with screening and vetting matrix ■ Documented contract of employment ■ Compliance with Temporary Employment Policy ■ Adherence to the employer brand (EVP) principles ■ Local legislation compliance	Diversity and inclusion	■ Diversity and inclusion performance and duty of care risks monitored and plans in place ■ Proactive communication and consultation with employees ■ Trained managers and employees on diversity and inclusion ■ Appropriate investigation in case of harassment and discrimination cases as per procedure ■ Standards of behaviour in line with Tsebo Values, Business Ethics Policies and ABAC Policy

HR departement	HR measurement		HR Technlogy
Training and development	■ Learning and development plans developed and implemented per division ■ Onboarding includes material and equipment, induction and job-related training ■ Employees are informed of their role, duties, objectives and required standard of performance ■ Employees have access to learning, coaching and feedback ■ The development plan is defined with employees ■ Divisional succession plans ■ Trained supervisors/operational managers on people, customer and unit management skill	Employee performance and reward	■ Tsebo grading system applied to all management positions (D band and above) ■ Governance of all contracts, terms and conditions as per group HR Authority matrix and group Policy ■ Financial and extra-financial objectives agreed and issued as per group Bonus Incentive Scheme ■ Group Bonus Incentive Scheme rules issued
Employee engagement	■ Tsebo values, Ethic Policies and ABAC Policy communicated to all employees ■ Disciplinary, grievance and redundancy policies and procedures in place ■ Respect freedom of association and collective bargaining ■ Established reward and recognition policy ■ Trained manager on employee engagement and labour relations ■ Trained supervisory/operational managers on essential people skills ■ Biannual employee engagement survey ■ Exit interviews completed for all leavers and feedback analysed ■ Employment contracts specify retirement age	Organisational design and workforce optimisation	■ Annual review of organizational design per division ■ Clearly defined time and attendance, scheduling and leave management policies and procedures ■ Time and attendance managed by approved biometric system ■ ESS access enables leave management, access to vacancies and learning ■ Proactive and effective leave management ■ Monthly review of workforce optimization analytics ■ Effective two-way communication with employees and groups ■ Position and employee data accuracy, consistency and privacy

4.3.5.2.4 Training

Extrafinancial risk	Description	Mitigation policies and actions	KPIs
Training	The lack of adequate training on the correct topics for employees will lead to Tsebo having an unskilled workforce that is unaware of the policies, procedures and mechanisms in place in the company.	Learning and development strategy and standards Learning and development policy Tsebo Skills Academy	Positive outcome of Sector Education Training Authority (SETA) audits Number of training interventions BBBEE score on Skills Development Training budget and spend

With its large workforce, ongoing training is essential to ensure Tsebo's high service standards are maintained. Skills development and training are a crucial element of its B-BBEE rating explained above and so Tsebo conducts various training programs across varying levels of the work force.

Tsebo endeavour to make sure all new management employees attend a generic induction at the training centre and that junior staff are inducted at site level.

In 2019, The Tsebo Skills Academy training team had 28 instructors and provided more than 43,000 training interventions in 17 countries which makes up 92% of employees. In 2020 Tsebo aims to increase the number of countries the company provides training in.

Tsebo is an accredited training provider with South Africa's sector education training Board. This enables Tsebo to run certified learnerships for both its internal and external staff.

Training is available for all new and existing employees through the Tsebo Skills Academy, training covers all aspects of various divisions of Tsebo, training covers all its soft skills like health and safety, hygiene and service excellence. A full range of computer skills, several levels of management development training, including its external Senior management programme at Gibs Business school, is also offered by Tsebo to staff.

During the last year Tsebo ran a learnership for 85 previously unemployed youth with disabilities, its aim is to be able to permanently employee as many of the learners as possible, who successfully complete the programme.

Online training modules have been available since 2017, Tsebo now offers over 120 modules, including refresher programmes. The number of employees utilizing online training rose from 371 employees in 2017 to roughly 8,000 in 2018; in 2019 Tsebo recorded circa 27,500 employees having completed training using the online training platform. Training expenditure for the last year was circa R82 million.

4.3.5.3 Health and Safety

4.3.5.3.1 Occupational health and safety

Extrafinancial risk	Description	Mitigation policies and actions	KPIs
Occupational health and safety	Due to the nature of Tsebo's operations, it faces the risk of employees being injured due to the lack of safe work practices.	Good management practices Safe operating procedures The health and safety handbook. Reporting of incidents policy. Weekly toolbox talks	Lost Time Injury Frequency Rate (LTIFR) Severity rate of accidents (LTISR)

Due to the nature of Tsebo's operations, it faces the risk of employees being injured due to the lack of safe work practices.

The safety of employees and patrons on its sites is Tsebo's first priority. Tsebo subscribes to the principle that every staff member has the right and also the obligation to challenge and report unsafe conditions, behaviour and procedures.

Tsebo continuously strives to create and maintain safe and healthy working environments for all its employees, clients and customers and the procedures necessary to carry out their duties in a safe and efficient manner.

Tsebo has a Group Compliance Officer and various other compliance officers in the various divisions of the group. The Group Compliance office is a centre of excellence for compliance, and health and safety covering the legislative issues that apply to all Tsebo's operations.

To enforce Tsebo's strict health and safety standards Tsebo has a team of 47 Safety Health Environment and Quality Officers (SHEQ Officer). Health and Safety representatives are appointed at each site for the Catering, Cleaning and Facilities Divisions. Tsebo Catering has in excess of 300 safe working procedures and good management practices which are supported by pre-use checklists and quality assurance documents that are required to be completed in order to ensure compliance to the legislative and regulatory requirements in the Catering Division. The Tsebo Cleaning Division also has Safe Operating Procedures and pre-use checklists to guide employees to comply with legislation and regulations.

Tsebo has the following International Organization for Standardization (ISO) accreditations at some of the sites, ISO 9001 – Quality Management System; ISO 14001 – Environmental Management System; and OHSAS 18001 – Occupational Health and Safety Management System. There are also numerous sites preparing for ISO 22000 accreditation. These should be completed by the end of the first quarter of 2020. Tsebo will also upgrade all the units that have OHSAS 18001 certification to achieving the ISO 45001 certification. The 45001 certification replaces the OHSAS 18001 certification.

In 2019 Tsebo released a group Health and Safety Handbook which has a brief overview of all the safety, health, environmental and quality (SHEQ) topics relevant to the business. Two other policies were adopted, the Corporate Social Responsibility Policy and the Incident Response Policy. All three these policies are aimed at ensuring the health and safety of its employees, patrons and to consider the environment.

In 2019 All Terrain Services (ATS) started the year by launching the SHEQ Quarterly Newsletter as a fresh tool to keep the group updated on SHEQ issues, inform on SHEQ performance and share progress on initiatives.

The maintenance of good performance standards has assisted Tsebo to continuously improve its safety culture and culminated in key safety milestones such as the 10 million Lost Time Incidents (LTI) free working hours achieved during the year, that now stands at 17,185,750.83 at the close of 2019. This marked the first time that ATS has gone through a calendar year without recording a LTI, bringing the total number of LTI free days to 440 by year end.

After such an unprecedented year, the goal of Tsebo is to ensure that going into 2020, its SHEQ systems continue to improve with more sites set to achieve ISO certification. To achieve this ATS will continue to train all employees in a top-down approach that ensures continued buy-in from the senior management team and will regularly update all policies and procedures and introduce new policies where required.

With the deployment of the Tsebo intranet, called TseboNet, the compliance division is now able to raise employee awareness about safety efficiently and comprehensively. The "Toolbox Talks" weekly newsletter is an ongoing feature to promote health and safety good practices. To promote vehicle safety, Tsebo has the vehicle safety cardinal rules and records the number of motor vehicle incidents each month in order to measure the effectiveness of its rules. The Tsebo Risk Management System will also be available on TseboNet in 2020, which will enable all users immediate access to compliance documentation. This will also vastly reduce the use of paper with the resultant cost saving and enhance its contribution to the drive of saving the environment.

Work-related accidents*

	TFS		Catering		Cleaning		Security		ATS	
Details	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Number of accidents with lost time	16	15	43	32	17	13	44	12	0	7
Number of days lost due to an accident	225	101	165	167	65	47	52	70	0	57
Lost Time Injury Frequency Rate (LTIFR)	5.237	5.371	2.260	1.567	0.633	0.472	2.061	0.801	0	0.61
Severity rate of accidents (LTISR)	0.074	0.036	0.009	0.008	0.002	0.002	0.002	5.833	0	0.004

* *5 countries (Cameroon, Egypt, Gambia, Nigeria, Zimbabwe) are not included in the data reporting. Please note they represent circa 9% of the total headcount.*

There were 120 work related accidents with a total of 507 days lost due to these accidents. This ended the year with a lost time injury frequency rate of 1.43 and a severity rate of 0.006. For 2020 Tsebo will include all the outstanding countries in the rest of Africa statistics.

Thorburn Security Solutions is an industry leading security services provider that offers integrated, intelligence-driven safety and security solutions. A proud division of the Tsebo Solutions Group, Thorburn is a quality-driven organisation that delivers premium security products and services, which includes armed guards and response services. Thorburn Security Solutions has a National Responsible Person (NRP) as required by the South African Firearms Control Act. The NRP is mandated to manage the firearms of the business, and to ensure the correct firearm safety measures and controls, found in the Firearms Control Policy, are in place. Several registers need to be completed by all sites that have firearms, the NRP ensures on a regular basis that these registers are completed correctly and audited.

4.3.5.3.2 Health and safety of consumers

Extrafinancial risk	Description	Mitigation policies and actions	KPIs
Health and safety of consumers	Injuries and diseases of customers due to food borne diseases, caused by unsafe practices	Good Management Practices (GMP) and Quality Assessments (QA) Food Safety manual Food safety audits	Number of Catering sites audited for food, health and safety

Tsebo subscribes to the principle that every staff member and patron has the right and obligation to challenge and report behaviours and situations that could impact the health and safety of consumers.

Tsebo has developed and implemented Good Management Practices (GMP) as its standard and Quality Assessment (QA) checks to measure conformance and efficiency in all spheres of the food chain, from receiving of the raw product to the serving of the prepared ready to eat product. Through this process, the company monitors the complete food preparation and production line.

Tsebo has 54 GMPs which cover the entire spectrum of its food production service and 39 QA checks to measure the compliance.

These GMPs and QAs are immediately available to all its catering staff as these documents have been uploaded to its TseboNet communication system.

The QA documentation is managed and monitored by the Site Supervisors and Managers on a daily basis and overseen by its Project and District managers when they visit each site.

It is also monitored by outsourced independent food hygiene specialists. Tsebo uses three Auditing companies namely: LTL, FCS and Q-Pro. These audits are carried out either on a Quarterly or Bi-Annual basis as per a schedule.

In 2019, 904 audits were conducted at numerous catering sites in South Africa, to mitigate the risk of a consumer falling ill from the consumption of food prepared by Tsebo. There are various hygiene audits done at each site relating to handling hygiene, surf top hygiene and food hygiene. The results of food audits are sent to the Group Dietician for evaluation, any concerns are raised immediately with the senior management of Tsebo and are addressed to avoid any potential harm to consumers. All non-conformances are addressed, and action plans initiated to rectify them. These action plans are addressed and signed off when completed. They are also revisited by the Auditors on their next audit at the site and their findings attached to the new report.

Every year, ATS dedicates one quarter for food safety promotional campaigns. During the quarter, material is developed to raise awareness on food safety and a strict training schedule is followed to ensure all employees involved in the food safety system are brought up to the standard required to ensure safe systems of work. During this time, Tsebo also ensures that all documents and records relating to the food safety system are thoroughly reviewed (above and beyond what is done during the monthly audits) and that the status of all food handlers is confirmed. All food safety incidents from throughout Tsebo are discussed in detail with corrective measures adopted for all sites to prevent recurrence. In the end awards are given to the best performing sites and individuals to encourage employee involvement.

The ATS food safety system is also heavily reliant on suppliers as the main contributors to the raw materials used in its facilities. All suppliers undergo periodic audits to confirm that they meet the standards set in ATS, and where non-conformances are identified, suppliers are either given time to rectify their systems or are suspended altogether depending on the severity of the non-conformance.

Every verified supplier is kept in the database and no products are sourced from suppliers who do not meet the requirements. Supplies are also checked on delivery and any non-conforming products are immediately rejected. This ensures that only conforming products make it into the stores, and that only wholesome products are used in the catering service.

4.3.5.4 Society

4.3.5.4.1 Nutrition

Extrafinancial risk	Description	Mitigation policies and actions	KPIs
Nutrition	Inability to meet clients' demands in healthy meal options (particularly for schools and hospitals).	Healthy options available to clients.	*None*

Tsebo is committed to providing food that is safe, wholesome, nutritious and of excellent quality that meets the expectations and nutritional requirements of clients and customers.

Eating well is important for everyone's health, well or ill. Providing appropriate nutrition in a contract catering setting is a particularly challenging task due to the diverse dietary needs of the population. Food not only needs to meet individual nutritional requirements, it also needs to be appropriate for different age groups, religious, cultural and social backgrounds as well as for different medical conditions. Food provided needs to be familiar, tasty and available; above all it needs to be eaten and enjoyed.

In hospitals, clinics and retirement villages meeting specific nutritional needs of a person, due to their specific conditions, forms part of the Medical Nutrition Therapy of a patient. Many patients who are ill have poor appetites or an impaired ability to eat and are at risk of developing undernutrition. Menus are created to meet the Estimated Average Requirement – (the amount of energy required each day by an average person in the specified age group), as well as the Reference Nutrient Intake – (the amount of a nutrient estimated to meet the needs of the majority of the population). Menus are created for each hospital, clinic or retirement village and up to 17 therapeutic menus are derived from the main menu. Menus features the "Dietitian Approved" logo to indicate that it has been verified and approved by a Registered Dietitian.

In schools, a unique food concept called SmartChoices has been put in place. SmartChoices is a nutritional and educational program aimed at promoting healthier and more balanced meals in schools, which have been adapted to meet the needs of growing children.

In factories, offices and corporate companies as well as Universities, Tsebo's PURE and Impilenhle concepts offers menus created and approved by registered dietitians and consist of approved menu cycles with various hot & cold offering, recipes and marketing material. These menus are implemented by the regional chefs and training is conducted before implementation. These concepts are available from the Marketing department, Sales department, Dietitians and Chefs and it is implemented when requested by a client or when a need is identified and approved by the client. The objective of both PURE and Impilenhle is to inform consumers on general healthy eating and to help them integrate these concepts into their daily eating habits. Tsebo's objective is to serve balanced meals with less fat, sodium, and nitrates, which contain more fiber and micronutrients while still being culturally acceptable. To do this, Tsebo emphasizes the use of healthier ingredients and methods for preparing and cooking food that are based on sound nutrition.

By having a nutritional offering and meeting the specific needs of all its different customers, Tsebo has developed a competitive advantage and reduces the risk of losing customers for not having met the growing demand for healthier food.

A KPI cannot be defined for this risk as the offering is an option for the client. Tsebo offers the healthy option to every client during the sales process in South Africa and intend to extend this in 2020 to the rest of the countries. There are no means such as a system, to track the healthy meal options served.

4.3.5.4.2 Procurement

Extrafinancial risk	Description	Mitigation policies and actions	KPIs
Procurement	Doing business with a supplier that does not adhere to Tsebo's values in terms of health, safety, the environment, anti-corruption and anti-bribery (ABAC) and human rights	The supplier audit policy Corruption & Bribery: ABAC & HSE requirements in the Supplier Agreements	Supplier audit results

In 2019, circa R4.0 billion was spent across categories spanning food and beverages; hard and soft services; vehicles and cleaning consumables; technology solutions and equipment. Control, ordering and tracking of spend is achieved through digital platforms such as MyMarket and InforEAM. Creditors are settled through financial systems such as Microsoft Axapta and Sage.

A priority objective for Tsebo Procurement is reducing and/or eliminating inbound supply chain and customer risk during the onboarding phase, thereafter, maintaining a supplier base that fulfils their objectives of procuring quality goods and services from suppliers.

In 2019 Tsebo Procurement introduced a technological solution and appointed a supplier auditor to reduce the risk of doing business with a supplier that does not adhere to Tsebo's values in terms of health, safety, the environment (HSE), anti-corruption and anti-bribery (ABAC) and human rights.

The technological solution is Thomson Reuters' online risk intelligence database, called World-Check, which enables Tsebo Procurement to conduct initial and ongoing screening of potential and listed supplier entities and individuals (directors) for risks emanating from criminal, political and adverse media exposure. The specific search criteria include topics such:

- Bribery and Corruption;
- Counterfeiting and Product Piracy;
- Currency Counterfeiting;
- Cybercrime/Hackings/Phishing;
- Environmental Crimes;
- Extortion;
- Falsifying information on Official Documents;
- Forgery;
- Tax Evasion/Tax Fraud;
- Hostage Taking (Political/Terror Related) ;
- Human Trafficking/other Human Rights Abuse;
- Insider Trading and Market Manipulation;
- Migrant Smuggling/Slave Labour;
- Sexual Exploitation of Children;
- Financing of Terrorism;
- War Crimes.

At the end of 2019 all active South African suppliers are on the system and are screened daily. The aim is to have the suppliers in the rest of Africa on the daily screening at the end of the first quarter 2020.

The appointment of the supplier auditor took place at the beginning of the fourth quarter of 2019. A supplier audit policy was drafted which set out the procedure and criteria to be followed by the auditor, the supplier audit programme. The supplier audit programme has a broad scope inclusive of validating compliance to legislation, specifications and operational requirements. Fifteen audits were completed for the 2019 period for South African suppliers, with a further 85 audits planned for 2020 which will be expanded to the rest of Africa suppliers.

The results of the fifteen audits were all positive, none of the suppliers failed the audits and minor suggestions were made to the suppliers in order to improve their compliance to the legislative and operational requirements of Tsebo.

Supplier agreements include termination clauses in the event of non-compliance with Tsebo's values. Suppliers are contractually required, on request, to provide Tsebo with various licenses, permits, audit reports and ratings, depending on the industry which they operate in. Tsebo Procurement routinely delists suppliers who fail to meet agreed standards.

Formal undertakings from suppliers affirming their compliance to Tsebo's ABAC, HSE, Broad-Based Black Economic Empowerment (B-BBEE) and the Code of Ethics and Good Business Practice policies are required from suppliers.

South Africa's procurement process is regulated by the Constitution. As such, a specific Act was promulgated by the government, the Preferential Procurement Policy Framework Act, which imposes regulations on government and businesses to correct the socioeconomic imbalances of the past by awarding work to individuals and small enterprises disadvantaged by historical practices. The regulation stipulates that the procurement process must be equitable, transparent, fair, competitive and cost-effective for the firm.

4.3.5.4.3 Anti-Bribery and Anti-Corruption

Extrafinancial risk	Description	Mitigation policies and actions	KPIs
Anti-Bribery and Anti-Corruption	Failure to prevent bribery and corruption	Code of Conduct and good business conduct policy; Gift policy; Gifts disclosure form; Anti-bribery and Anti-corruption policy; ABAC training; Annual newsletters and awareness mailers; Tip-Offs Anonymous hotline Outside business interest declarations	The number of tip-offs received from the Hotline relating to bribery and corruption ABAC online training (2018 and 2020)

Tsebo has a zero-tolerance policy when it comes to fraud and corruption. Tsebo developed and published a comprehensive set of policies and procedures to ensure that employees remain vigilant and to avoid the risk of employees not being aware of the procedures in place to guide them in situations that lead to soliciting or receiving a bribe and/or engaging in a corrupt activity. These policies include Anti-Bribery and Anti-Corruption, Gifts and Entertainment Policy and Tsebo's Code of Ethics and Good Business Practice Policy, all policies are attested to by employees upon onboarding.

In order to mitigate the risk of bribery and corruption Tsebo has online ABAC training, which must be completed every 2 years by all staff. The tip-offs anonymous hotline, which is available to all staff and third parties. An annual outside business interest declaration form, that must be completed by staff to advise of any conflict of interest with Tsebo or a supplier. Lastly Tsebo has a gifts disclosure form which requires employees to declare gifts received and given, if above the threshold.

The ABAC online training is run every 2 years, with last year being the first year, whereby all management employees complete the training on Moodle. The training statistics will be published in 2020 for the next training.

Tsebo is able to regularly refresh employees understanding of the Anti-Bribery and Anti-Corruption requirements through various other platforms like the "From the Compliance Desk" mailer sent by group Compliance. Further posters and information are posted on the TseboNet Compliance page to increase awareness and through its compliance newsletters.

To ensure that corrupt activities were reported, tip offs anonymous posters were displayed at all sites and head offices, these posters give employees and customers detailed information on how to report any irregularity. All the reported incidents were tracked by Deloitte, who produce monthly statistics reports to Tsebo.

The tip-offs anonymous hotline continues to run efficiently with the scope being extended to include tip-offs relating to any human rights violations or environmental damage. The tip-offs are received by the risk, compliance and legal divisions to assess the validity of the information provided and to send notification for a need to further investigate to the relevant division.

Employees who wish to report a breach can choose to either call, sms or email their tip-off. Employees who do not wish to remain anonymous may also contact the compliance, audit and/or legal divisions.

In 2019 Tsebo had a total of 49 tip-offs, 11 of which were valid and had adequate detail to investigate. The other 38 did not have adequate detail in order to investigate the tip-offs. Of the 11 tip-offs only 3 were ABAC related and resulted in disciplinary action being taken.

4.3.5.5 Environment

Considering the service offerings of catering, cleaning and hygiene, facilities management and protection, Tsebo has a limited direct impact on the environment. Tsebo provides services at client sites and only has a limited amount of buildings/offices that they occupy. Therefore, Tsebo does not have the control over the energy consumption, water consumption and waste produced.

However, aware of the importance of this issue, Tsebo applies an environmental policy and a number of good practices concerning waste management and the use of chemical products.

4.3.5.5.1 Food waste

Extrafinancial risk	Description	Mitigation policies and actions	KPIs
Food waste	Inadequate food management processes and practices resulting in high levels of food wastage	Food waste policy Environmental policy Good management practices (GMPs)	*No KPI*

Organic waste which is also referred to as wet waste is material that is biodegradable and comes from either a plant or an animal. It includes vegetable and fruit debris, shells, bones and unused food. When organic waste is dumped in landfill, it undergoes anaerobic decomposition and generates methane. When released into the atmosphere, methane is 25 times more potent as a greenhouse gas than carbon dioxide.

Tsebo recognises food wastage as a risk to the environment because food production utilizes a large amount of natural resources and is a significant emitter of greenhouse gases.

In order to mitigate the risk of excessive food waste in Tsebo Catering, Tsebo has developed a food waste policy and updated the Tsebo environmental policy.

There are a number of GMP's that further instruct how food should be prepared in order to minimise food waste during the preparation of meals.

In 2019 Tsebo's Rosebank office contracted to Don't Waste for organic waste recycling. Don't Waste uses the Bokashi recycling system for food waste. Kitchen staff have been trained and supplied with the necessary tools for implementation and utilisation in the kitchen area. The Bokashi recycling system is an anaerobic process that ferments organic material as opposed to fully composting it. The by-products produced from this process is extremely nutritious for plants and can be used for other forms of composting. Don't Waste also recycles the plastic, cans, glass and fluorescent light tubes at the Rosebank Office. Tsebo encourages employees to bring all forms of recyclable waste to the Rosebank Office to be recycled.

Tsebo Procurement plays an active role in sustainable sourcing of both services and products. As a way to reduce food waste Tsebo Procurement sources portion cuts of meat and ready-prepared vegetables and fruits over whole unpeeled products which minimizes wastage. Tsebo opts to order smaller pack sizes of the raw foods instead of bulk raw foods as this reduces the risk of food waste through having to dispose of spoilt food if all the raw foods are not used and have to be stored.

In addition, meal specifications and portion control are carefully monitored in the Tsebo catering environment to ensure compliance with client contractual requirements, cost efficiency and food waste reduction.

Healthier cooking methods are preferred. Menus are changed to prevent deep frying of items and If deep frying takes place, the oil is removed from the deep fryer, filtered and reused in small, separate amounts during normal cooking. Used oil is decanted into a 20 L container and stored in a designated area. Oil is collected by an approved oil collector, which prevents the wastage and irresponsible disposal of oil into the environment.

Wet Waste recycling for the period August 2019 to December 2019 amounted to 1.44 m3 which made up 5.74% of total recyclables. In 2020, wet waste will be weighed on a daily basis and compared to waste generated in 2021.

Through its environmental newsletters and other forms of communication, Tsebo believes educating and equipping employees will drive a positive change in the environment reducing not only food waste but also other waste that is harmful to the environment.

4.3.5.5.2 Other voluntary initiatives

While Tsebo supports worthy causes that aid society's most vulnerable, its philosophy and the true strength of its social outreach programmes is in creating a meaningful difference through investing in people and developing sustainable local skills.

In every country of operation, Tsebo strives to enhance community potential by partnering with local communities through a participative approach that integrates them into its value chain and creates strong, quality local suppliers.

Focus Areas:

- skills development;
- youth employment;
- job creation;
- SMME development and entrepreneurship support;
- rural enterprise development.

1. ***Charitable initiatives***

- ***Christel House School, Cape Town*** – R 835 000 donated towards busaries.
- ***Zenzele Cutlery Packaging Project, KZN*** – job creation initiative for people living with disability.
- ***Golf Day Fundraising*** – R 115,000 donated to hostel and R 50,000 raised for Stelenboasch University students.
- ***PASA World Aids Day Project*** – aimed at teaching children about the environment. Children had a to build soccer balls out of platic recyclable material.
- ***Ice Breaker/Winter Warmer Projects*** – Thorburn donated blankets, school uniforms and food parcels to disadvantaged communities in the Kathu area.

2. ***Tsebo Foundation***

TSEBO FOUNDATION

The Foundation is a section 21 not-for-profit company that delivers the Corporate Social Investment efforts of Tsebo Solutions Group. The foundation serves two mandates:

- **Development Mandate** which focuses on building skills and capacity;
- **Upliftment or Social Mandate** which focuses on looking after the vulnerable.

3. ***Tirhani Trust***

tirhani

Tsebo realises that tackling poverty and achieving positive impact on community development and transformation can only be achieved when the untapped potential of women in their ability to improve social skills is recognised and supported. In light of this, Tsebo established a Women's Trust (Tirhani Trust) through which the company will channel its contribution towards advancing the development of black women in South Africa.

Focus areas of the Trust:

- education;
- health;
- rural development & upliftment;
- entrepreneurship Developmental.

The Trust beneficiaries are organisations led by women who are passionate about bringing change in the lives of ordinary citizens.

4. ***Enterprise Development***

ATS a TSEBO solution

Community Engagement Activities (CEA) Programme

The purpose of CEA is to enhance the livelihood of individuals by creating income and employment opportunities for individuals or groups in the defined communities of clients. The programme is intended to launch with the clients and the communities Tsebo operates in. The ATS CEA team focuses their efforts in providing:

- Ready for local to local produce;
- Training and development programs for community members;
- Direct and indirect employment provision;
- Support for social and integration programs and many more projects.

5. ***Investment & social impact:***

- Impacted Community & Local Supply = USD 38,288,864, representing 92% of total procurement for the period;
- Procurement Spend in Country = USD 11,330,790;
- Total Local Supplier certified = 380;
- Number of Locals Employed = 3,992, representing 75% of project work force.

Examples of some of the initiatives undertaken:

Kibali, DRC

The Kibali program began in 2013, prior to the program being implemented, ATS imported almost 97% all its protein products such as beef, goat and lamb from Kampala, Uganda. There were only two certified suppliers from local communities. Through the programme this has changed.

Investment & social impact:

- 45 certified suppliers created;
- Health & Safety compliant training;
- 82% of supply procured from local communities = $2,838,472;
- 98% of workforce from local communities;
- 200 jobs created.

Fasenda Mizimo Farm Project, Mozambique

Tsebo Sevco has invested significantly in enterprise development across Africa with a focus on assisting community suppliers in rural areas, local supplier training and development, and the employment and skill development of the local workforce. Fasenda Mizimo Farm project produces and delivers fresh produce to Tsebo Servco operations in the province through CB Farm Fresh as part of its value chain. CB Farm Fresh, who buys the produce, feeds between 10,000 and 15,000 people per day. Whereas before, they were importing 90% of their produce, now the ratio is reversed.

Komesho Culinary Academy, Namibia

Catering and Contracts Management Pty Ltd Namibia (CCM) actively practises the proverb that says ***"Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime"*** hence its training academy offers free extensive culinary training to previously-disadvantage Namibian youths sourced from all corners of the country.

Investment & social impact:

- N$ 3.3 million invested;
- 111 previously disadvantaged youths trained.

Leather Works Project, Namibia

Another initiative involved CCM partnering with OBIB where they identifyed two women from Tutungeni Township (in the 1st phase) to receive an extensive six (6) months long training on leather works.

Many more women were trained and started manufacturing items such as leather hand bags, leather carpets, leather blankets, document holders, wallets and belts. To date, the project has grown in leaps and bounds resulting in more women undergoing a similar training and seeing their products exhibited at different trade fairs countrywide.

Investment & social impact:

- N$ 317, 000 invested;
- Identified women from Tutungeni Township to receive extensive six-month training;
- Now manufacture a wide range of leather goods, training more women and exhibiting at trade fairs countrywide.

4.3.5.6 Vigilance plan

Introduction

In accordance with Article L. 225-102-4 of the French Commercial Code, the vigilance plan aims to set out the reasonable measures of vigilance put in place within the group in order to identify the risks and prevent severe impacts on human rights and fundamental freedoms, health and safety and the environment resulting from the activities of the group. This applies, directly or indirectly, to the activities of its subcontractors or suppliers with which Tsebo has an established commercial relationship, where such activities are linked to this relationship. All these risks have also been included in the EFPD risks matrix and, when they have been identified as main risks, are described in the above chapter.

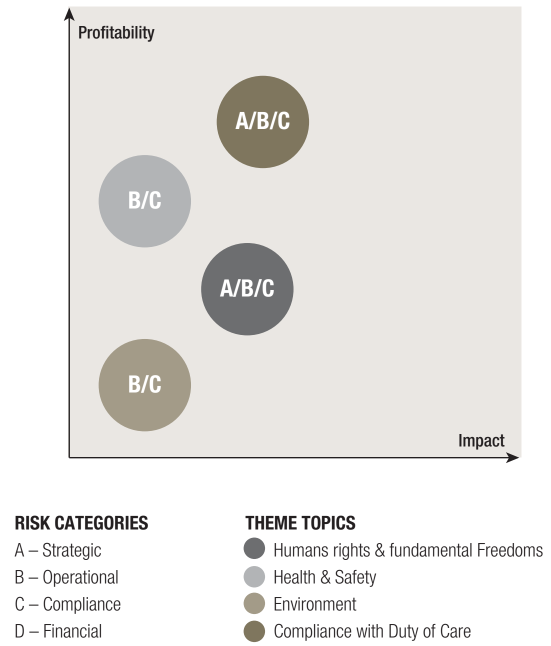
Tsebo continues to evolve a suite of management best practices to ensure that it provides an exceptional customer experience with solid commercial outcomes that protects human rights and fundamental freedoms, health and safety and the environment. With each new service line, region, client and operator, Tsebo learns new and better ways of doing things to address the risks it faces. Sometimes Tsebo ends up simply being reminded that adherence to the basics is a timeless management practice. The overarching objective of everything in the lives of its leadership team is to ensure that the important items are all attended to in a proactive manner. This is achieved through identifying the risks that have an impact on human rights and fundamental freedoms, health and safety and the environment and putting measures in place to mitigate these. The Tsebo Way is a succinct compilation of the key commercial and operating practices of its business, presented in a summarised manner that illustrates Tsebo's compliance to the necessary laws and regulations the group is required to adhere to.

Executive Summary

This plan was based on the 5 main obligations set out in the law on duty of care. Each of the legal obligations is part of the plan below. The plan was developed by engaging with relevant stakeholders in the business that contributed to assessing the risks from the duty of care themes relating to human rights and fundamental freedoms, health and safety and the environment. Engagements with the Human Resources, Compliance, Legal, Occupational Health and Safety and Procurement departments were necessary in order to complete this plan. This plan is applicable to the group and assessments were made at a group level. Executive management has an appreciation for the importance of this plan and perceive it to be integral to doing business whilst being conscience of human rights and fundamental freedoms, health and safety and the environment.

The risks are depicted in this risk matrix relating to the likelihood and impact of a breach of the risks that are relevant to Tsebo.

Risk matrix map



Duty of care risk mapping to identify, analyse & prioritise the risk

Over the last 3 years, Tsebo has regularly conducted various risk assessments and awareness campaigns around the themes of Duty of Care.

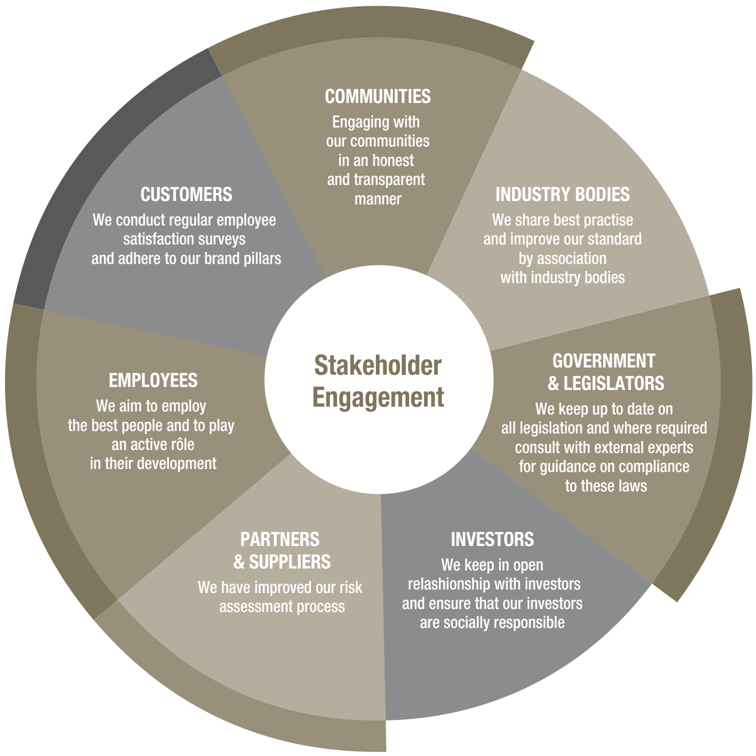
As part of the work on the Duty of Care, preliminary analysis work was carried out to identify, on the one hand, the significant risks, the existing mitigation measures, the systems of control and training needs and, on the other hand, as needed, the necessity to supplement the existing systems. This work results in the distribution of specific questionnaires and a series of dedicated interviews with the persons responsible for the purchasing, human relations, health, safety and environment functions.

As a result of these analyzes, Tsebo considered that an additional action plan should be put in place with regard to the data security risk. Accordingly, in 2019, a data privacy policy was developed and deployed throughout the group. In addition, e-training courses on data privacy will be rolled out in 2020, with mandatory evaluation.

Subsidiaries, subcontractors, suppliers' assessment procedures

- ***Procedures for regularly assessing the situation of subsidiaries, subcontractors or suppliers based on the risk mapping results.***

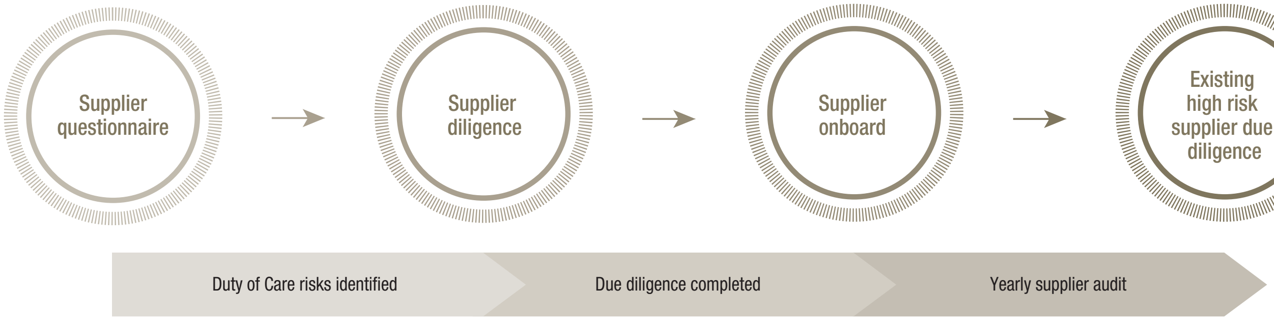
Through constant engagement with its stakeholders Tsebo is able to ascertain the needs not only of its business but also of the people who are the recipients of its services. Its stakeholder engagement is a form of regularly assessing the people and institutions Tsebo deals with and conduct business with.



- ***Subcontractor and Supplier Due Diligence***

Risk assessments and third-party questionnaires have been developed in line with the requirements from the Duty of Care risks, and these have been used to assess and ensure that Tsebo's suppliers adhere to the principles set out in the Duty of Care laws. Tsebo Procurement has appointed a supplier auditor to conduct third party audits on tier 1 suppliers. The supplier compliance audit programme that commenced in the fourth quarter of 2019, upon the appointment of the supplier auditor, has a broad scope inclusive of validating compliance to legislation, specifications and operational requirements. Fifteen audits were completed for the 2019 period for South African suppliers, with a further 85 audits planned for 2020. The programme follows the supplier audit policy in conducting audits.

Coupled with the supplier audits a second check has been introduced to vet suppliers. The World Check system has catapulted the due diligence of suppliers, partners and other third parties Tsebo engages with. The company has checked all existing South African suppliers on the system and where there were positive matches for various forms of misconduct and non-compliance, Tsebo has terminated those suppliers after adequate supplier engagement. The ROA suppliers will be uploaded onto the system by the end of quarter 1 2020 for ongoing monitoring.



Appropriate actions to mitigate the risk to prevent serious harm

Once the risk mapping was complete, existing specific measures to mitigate internal risks were identified. Tsebo documented what the group has in place to mitigate identified risks. Mitigating actions included:

- code of Conduct;
- dedicated operational procedures;
- dedicated training;
- KPIs.

Human rights and fundamental freedoms mapping work

The risks of severe impacts on human rights and fundamental freedoms have been identified in accordance with the duty of care. The Tsebo group Human Resource Standards Framework has set out the minimum standards to be followed in order to respect the group values and prevent severe impacts on human rights and fundamental freedoms (these standards are described under the "4.2.5.2. Human Resources" paragraphs above). A corporate social responsibility policy has been rolled out in 2019 as a further mitigating factor to minimise the risk of a breach on human rights and fundamental freedoms.

In 2020 HR plans to roll-out employee satisfaction surveys to ascertain whether Tsebo is adhering to its processes and procedtures in its HR policies and standardss.

Safety, health and environment mapping work

Tsebo recognizes the risk of a severe impact on the health, safety and/or the environment of the group's activities and thus having a direct and significant impact on the health or safety of its employees and customers. As described under the "4.2.5.3. Health and Safety" and "4.2.5.5 Environment" paragraphs above, Tsebo has developed health, safety and environmental, safe operating procedures (SOP) to address the risks faced by the group activities. These SOP's address the requirements of the Duty of Care risks. Tsebo also conducts ongoing training regarding health and safety risks and have a weekly toolbox talk that sets out the actions to mitigate a highlighted risk. Each week there is a different health, safety and environmental risk that is addressed by the toolbox talks.

Alert procedures

Tsebo aims to extend its alert system to cases of possible breaches of human rights and fundamental freedom, health and safety of people and environmental protection.

Tsebo's alert procedure, called Tip-Offs Anonymous Hotline, has been used for many years now. It is operated by Deloitte to ensure anonymity of the callers, it has been used for several years. A description of this system is made available to employees through the various channels like posters, newsletters and regular emails from the compliance desk.

The Tip-Offs Anonymous Hotline aims to encourage employees to report any concerns regarding unethical behaviour, with an aim to now also report any human rights violations, health and safety risks and/or environmental damage. The tip-offs are received by the risk, compliance and legal divisions to assess the validity of the information provided and to send notification for a need to further investigate to the relevant division.

Employees who wish to report a breach can choose to either call, sms or email their tip-off. Employees who do not wish to remain anonymous may also contact the Head of Compliance or the Group Risk and Internal Audit Executive.

Monthly reports are sent to the Head of Compliance and the Group Risk and Internal Audit Executive. They include statistics broken down into topics (human resource matters, governance matters, bribery and corruption matters, procurement matters and theft matters).

In accordance with the Sapin 2 law, Tsebo regularly reminds employees that they will not be subject to penalties or discriminatory measures for filing a report. Deloitte also ensures the confidentiality and anonymity of the person making the report. The hotline is open to all of Tsebo's internal and external stakeholders. Tsebo encourages its suppliers and customers to use it in order to report any breach they may be aware of.

Monitoring the measures implemented evaluating their effectiveness

Tsebo has tasked the compliance monitoring team to conduct regular audits to assess the implementation and effectiveness of the mitigating actions implemented. The compliance monitoring team will independently and objectively provide information, analyses and reports to assist management to ensure that operations are managed ethically, effectively and efficiently in line with the requirements for Sapin II and the Duty of Care law.

Its role is to ensure, independently, that the processes of risk management, governance and internal control of Tsebo are working properly by formulating impartial and objective opinions. It reports to the Audit and Risk Committee, that is a subcommittee of the Board of Directors of the Tsebo group.

Through discussions with senior management the team will:

- identify the key risks;
- evaluate those risks by assigning a risk rating (High, Medium, Low);
- identify the current controls in place;
- evaluate the adequacy of the current controls in place;
- make recommendations to improve these controls, if necessary;
- Identify the key controls - these are the controls which management expect to be in place to mitigate the high-risk areas of the business.

4.3.5.7 Reporting methodology

The contents of this report are restricted to the 2019 calendar year for Tsebo unless otherwise stated.

HR Data

Unless otherwise indicated, HR data was reported for all Tsebo entities. The headcount disclosed in the report is based on the average total headcount for the year 2019.

The South Africa headcount includes Swaziland, Botswana and Lesotho as they are on the South African Educos payroll and are reported as such.

Hires/Departures

Tsebo does not publish departures and hires as employee turnover and hiring rate is unique to the industry and does not have an impact on the KPI relating to HR.

Labour KPIs

The KPIs' used to measure the labour relation risks were not published herein due to their confidential nature.

Training

The training statistics were based on the number of training interventions conducted during the year. Where an employee attended multiple training courses, this was counted as multiple training interventions. Tsebo does not count the number of employees trained, as training interventions, instead of employees trained, are required to be counted for the SETA reporting purposes.

Health & Safety

The statistics for all health and safety reporting excludes 5 countries (Cameroon, Egypt, Gambia, Nigeria, Zimbabwe) of the 27 countries Tsebo operates in.

The calculation method has been harmonized between all divisions in 2019, allowing for a consolidated data to be calculated and published. The 2018 data has been recalculated as such and does not reflect the value published in the previous report.

The lost time injury frequency rate is calculated by taking the lost time injury multiplying it by the industry standard of 1,000,000 and dividing it by the number of hours worked. The number of hours worked is a theoretical calculation based on 8 hours per employee, 21.67days per month, 12 months a year.

The lost time injury severity rate is calculated by taking the total number of lost days multiplying it by 1,000 dividing it by the number of hours worked.

Procurement

The top 80% in the procurement statistics refer to the percentage by spend of Tsebo's South African operations.

4.4 Report of one Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

Year ended December 31, 2019

To the Annual General Meeting,

In our capacity as Wendel's Statutory Auditor and independent verifier accredited by the COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby present our report on the non-financial statement for the year ended December 31, 2019 (hereinafter the "Statement"), presented in the Group's 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*).

Company's responsibility

The Executive Board is responsible for preparing a Statement in compliance with applicable legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies applied concerning the risks as well as the results of these policies, including the key performance indicators. The Statement was prepared in accordance with the procedures of the company (hereinafter the "Framework") the significant elements of which are presented in the Statement and are available on request at the head offices of the entity and of the portfolio companies.

Independence and quality control

Our independence is defined by the provisions in article L. 822-11-3 of the French Commercial Code (*Code de commerce*) and our professional Code of Ethics. In addition, we have put in place a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the Statutory Auditors designated independent verifier

It is our role, based on our work, to formulate a reasoned opinion with a moderate assurance conclusion on the following:

- the compliance of the Statement with respect to the provisions in article R. 225-105 of the French Commercial Code (*Code de commerce*);
- the fairness of the information provided under point 3 of parts I and II of article R. 225 of the French Commercial Code (*Code de commerce*), i.e. the results of the policies, including the key performance indicators, and the actions taken, with respect to the main risks, hereinafter the "Information".

However, it is not our responsibility to give an opinion on the entity's compliance with other legal and regulatory provisions applicable, notably on matters of vigilance, anti-corruption and tax, nor on the compliance of products and services with applicable regulations.

Nature and scope of the work

We have conducted our work described below in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code (*Code de commerce*) determining the conditions under which the independent verifier conducts its mission, and in accordance with the professional standards of the national auditing body, the Compagnie Nationale des Commissaires aux Comptes [as well as international standard ISAE 3000] (Assurance Engagements Other than Audits or Reviews of Historical Financial Information*)*.

Our work allows us to assess the compliance of the Statement with applicable regulations and the fairness of the information:

- We have examined the activity of all businesses included in the scope of consolidation and their exposure to the main risks;
- We have assessed the appropriateness of the Framework concerning its relevance, completeness, reliability, neutrality, and understandability, taking into consideration, as necessary, industry standards;
- We have checked to make sure that the Statement covers each category of information specified in part III of article L. 225-102-1 in social and environmental matters as well as concerning respect for human rights and the fight against corruption and tax evasion;
- We have checked that the Statement includes all information required under paragraph II of article R. 225-105 where these apply in terms of the main risks, including any explanations justifying the absence of the information required under subparagraph 2 of paragraph III of article L. 225-102-1;
- We have checked to make sure that the Statement presents the business model and provides a description of the main risks linked to the activities of all of the entities included in the scope of consolidation including, where relevant and proportionate, the risks created by its business relationships, its products or services as well as the policies, the actions, and the results, including the key performance indicators;
- We have consulted documentary sources and conducted interviews to:

- assess the process of selecting and validating the main risks as well as the consistency of results, including selected key performance indicators, in light of the main risks and policies presented, and
- corroborate qualitative information (actions and results) considered by us to be the most significant[1]:

- We have checked that the Statement covers the consolidated scope, i.e. all businesses included in the consolidation scope in accordance with article L. 233-16 within the limits set out in the Statement;
- We have examined the internal risk management and control procedures implemented by the entity and assessed the information-gathering process put in place by the entity to ensure the completeness and accuracy of the information;
- For the key performance indicators and other quantitative results considered by us to be the most significant, we have implemented[2]:
  - analytical procedures consisting in checking the proper consolidation of data collected as well as the consistency of their changes,
  - detailed tests based on samples, consisting of checking the proper application of definitions of procedures and in comparing the data with the documentation. This work was carried out with a selection of subsidiaries and sites with contributions as follows:
    - for Constantia Flexibles: C-Teich (Austria) and Sittingbourne (England), which cover between 6% and 25% of information selected for this subsidiary;
    - for Cromology: Las Franqueses (Spain) and the Zolpan network (France), which covers between 7% and 39% of information selected for this subsidiary;
    - for Stahl: Waalwijk (Netherlands), which covers between 3% and 44% of information selected for this subsidiary;
    - for Tsebo: the entire workforce and the activities in South Africa covering 80% of the subsidiary's workforce.
- We have examined the work and conclusions of the independent verifier of Bureau Veritas;
- We have assessed the consistency of the Statement as a whole based on our knowledge of Wendel.

We deem that the work that we carried out and the exercise of our professional judgment allow us to formulate a moderate assurance conclusion; a higher level of assurance would have required more extensive verification work.

Means and resources

Our work drew on the skills of six people between September 2019 and March 2020.

We called on our sustainable development and CSR specialists to assist with our work. We conducted forty interviews with the individuals responsible for preparing the Statement.

Conclusion

Based on our work, we have not identified any significant misstatement that would cause us to question that the statement of extra-financial performance is compliant with the applicable regulations and that the Information, taken as a whole, has been fairly presented, in compliance with the Framework.

Comments

Without calling into question the conclusion expressed above and in compliance with the provisions of article A. 225-3 of the French Commercial Code (*Code de commerce*), we note the following:

- At the Wendel level:
  - the new ESG ambitions, 2023 road map and consolidated key performance indicators are yet to be rolled out;
  - the 2019 consolidated indicators that have been published relate to the ESG commitment of subsidiaries and do not measure the overall performance of the Wendel portfolio, particularly in relation to climate change and employee health and safety.
- At the subsidiary level:
  - for Constantia Flexibles and Cromology, policies on certain risks related to human resources still need to be formalized;
  - for Tsebo, the scopes of policies and indicators are limited to activities in South Africa, i.e. 80% of the workforce.

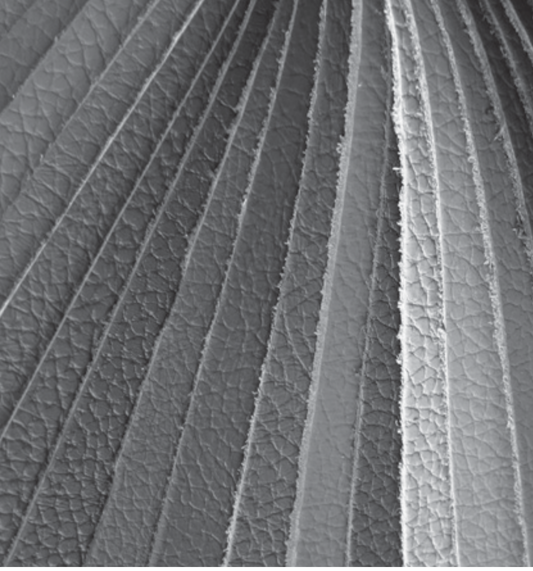
Paris-La Défense, March 18, 2020

One of the Statutory Auditors,
Deloitte & Associés

Mansour Belhiba, Partner, Audit	Julien Rivals, Partner, Sustainable Development

(1) Qualitative information for each subsidiary (excluding Bureau Veritas): policies and measures implemented according to the main risks identified within each subsidiary, particularly environmental and social measures and in terms of embedding ESG in products and services and in relations with suppliers.

(2) Consolidated quantitative information at the level of Wendel (including subsidiaries): workforce. Quantitative information at the level of selected subsidiaries where published: frequency and severity rate of workplace accidents, training hours, emissions in the water (COD, SS), greenhouse gas emissions (scopes 1 & 2), other emissions into the air (vocS, NOx), water consumption, energy consumption, share of renewable energy, volumes and rates of waste recovery.



5

COMMENTS ON FISCAL YEAR 2019

5.1 Analysis of the consolidated financial statements

5.1.1 Consolidated income statement – Accounting presentation

The Wendel Group consolidates:

- through full consolidation: holding companies and subsidiaries over which Wendel exercises exclusive control: Bureau Veritas (certification and verification), Constantia Flexibles (flexible packaging and labels), Cromology (production and distribution of paints), Stahl (leather finishing products and high-performance coatings), Tsebo (business services in Africa) and CPI (management and crisis prevention training programs);
- through the equity method: companies over which Wendel has significant influence or joint control, namely IHS (mobile telecom infrastructure in Africa), Allied Universal (security services), and PlaYce (shopping center development in Africa), the latter two until the date of their disposal. As a result of the sales of PlaYce and Allied Universal in February and December 2019, respectively, and in accordance with IFRS, the earnings of these two entities have been reclassified in earnings from discontinued operations.

The contribution of companies sold or held for sale are presented, in accordance with IFRS, in a separate line of the income statement entitled "Net income from discontinued operations and operations held for sale" for each year presented.

Thus, the income statement section "Net income from discontinued operations or operations held for sale" in 2018 also includes the portion of the Constantia group's income from Multi-Color Corporation, which was sold in 2019.

In previous fiscal years this included CSP Technologies, Mecatherm, Nippon Oil Pump and Constantia Flexibles' "Labels" division, sold in 2017.

in million euros	**2019**	**2018**	**2017**
Revenue	8,562.2	8,389.2	8,075.8
Operating income	623.6	676.0	679.3
Financial income	-286.6	-261.7	-348.5
Tax	-237.4	-173.9	-186.1
Net income (loss) from equity-method investments	-78.2	-131.5	41.2
NET INCOME BEFORE INCOME FROM DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE	**21.4**	**108.8**	**186.0**
Net income from discontinued operations and operations held for sale	604.1	171.6	348.2
Net income	**625.6**	**280.4**	**534.1**
Net income – non-controlling interests	225.8	235.1	334.1
Net income, Group share	**399.7**	**45.3**	**200.0**

5.1.2 Consolidated income statement – Economic presentation

The consolidated income statement reflects the aggregate earnings of the various equity investments held by Wendel. These are either fully consolidated or accounted for by the equity method.

As such, the accounting presentation of the income statement does not allow for a direct, in-depth analysis. For this reason, Wendel regularly provides an income statement prepared on an economic basis. The definition of economic presentation and a conversion from the accounting presentation to the economic presentation are included in note 6 to the consolidated financial statements, entitled "Segment information".

in million euros	**2019**	**2018**	**2017**
Bureau Veritas	477.7	443.7	437.8
Stahl	94.3	110.3	84.0
Constantia Flexibles	44.2	83.2	82.9
Cromology	(19.2)	(5.2)	7.5
AlliedBarton	-	-	-
Allied Universal (Equity method)	58.5	11.9	11.9
Saint-Gobain (Equity method)	-	-	40.7
Dividend from Saint-Gobain	4.1	18.4	17.8
IHS (Equity method)	(60.9)	5.8	4.1
■ Tsebo	(9.2)	7.4	2.2
■ Parcours	-	-	-
■ Mecatherm	-	2.0	3.4
■ CSP Technologies	-	2.5	5.0
■ NOP	-	1.4	5.8
■ exceet (Equity method)	-	-	0.8
■ SGI Africa (Equity method)	-	(0.9)	(0.3)
Total contribution from group companies	**589.5**	**680.5**	**703.6**
of which Group share	233.6	321.1	367.7
Operating expenses, management fees and taxes	(79.0)	(68.2)	(45.0)
Amortization, provisions and stock-option expenses	6.4	10.2	(8.8)
Total operating expenses	**(72.6)**	**(58.0)**	**(53.9)**
Total financial expenses	**(67.2)**	**(99.0)**	**(144.8)**
Net income from operations	**449.7**	**512.1**	**505.0**
of which Group share	*85.4*	*152.7*	*169.0*
Non-recurring income	**321.0**	**(56.4)**	**142.7**
Impact of goodwill allocation	**(145.1)**	**(175.3)**	**(113.6)**
Total net income	**625.6**	**280.4**	**534.1**
Net income – non-controlling interests	225.8	235.1	334.1
NET INCOME, GROUP SHARE	**399.7**	**45.3**	**200.0**

5.1.3 Business overview in financial year 2019

Wendel Group's consolidated revenue totaled €8,562.2 million, up +2.1% overall and up +1.0% organically.

The overall contribution of Group companies to net income from operations amounted to €589.5 million, down 13.4% from 2018. This reduction is mainly due to the non-recurring effect on the balance sheet of the dilutive impact of the profit-sharing mechanism implemented at IHS, negative tax for Cromology and a downturn at Stahl and Constantia Flexibles which has not been offset by the performance of Bureau Veritas and effect on the balance sheet of the sale of Allied Universal.

Financial expenses, operating expenses and taxes totaled €139.8 million, down 17.0% compared to 2018 (€168.4 million). This decrease was concentrated in the financial expense line item, down 32.2% and resulted from gross debt reduction over the year. Between 2018 and 2019, borrowing costs declined by 26.1%, i.e. from €62.3 million to €46.1 million.

Non-recurring income amounted to €321.1 million in 2019, compared with a €56.4 million loss in 2018.

This gain is mainly due to the sale of Allied Universal, which generated an accounting capital gain of + €644 million in 2019.

Wendel's net income, was €625.6 million in 2019, compared with €280.4 million in 2018. Net income, Group share was €399.7 million, vs €45.3 million in 2018.

2019 activity for each of the Group's shareholdings is provided in Part 1.4 of this Document.

Highlights of 2019

Acquisition of Crisis Prevention Institute ("CPI")

On October 15, 2019, Wendel announced it has signed an agreement to acquire Crisis Prevention Institute ("CPI" or the "Company") at an enterprise value of $910 million. This acquisition was finalized on December 23, 2019. As part of the Transaction, Wendel made an equity investment of approximately $569 million, for a c. 96% ownership interest in the Company, alongside CPI's management team and certain other minority investors. Headquartered in Milwaukee, Wisconsin, CPI is the leading provider of behavior management and crisis prevention training programs in the U.S. For nearly 40 years, CPI has been providing crisis prevention and intervention training programs to help professionals respond to anxious, hostile and violent behaviors with safe and effective methods.

The Company primarily serves education and healthcare customers in the U.S. and is expanding its reach in behavioral and home health care, as well as other industries with similar behavioral encounters, including retail and security services. The Company has expanded internationally over the past several years and now generates more than 20% of its sales outside the U.S., principally in Canada and United Kingdom.

CPI specializes in "train the trainers" programs. These programs teach and certify individuals to instruct staff at their organizations to assess, manage, and safely resolve instances of high-risk, disruptive or aggressive behavior in the workplace.

CPI employs 316 people globally and has an installed base of more than 38,000 active Certified Instructors working with its clients who, in turn, train over 1.4 million professionals each year. Over the last forty years, more than 15 million professionals have been trained by CPI Certified Instructors in North America, Europe and across the globe.

Wendel sells part of its stake in Allied Universal®

Wendel and Allied Universal's existing shareholders have completed the sale of a majority stake in the company to Caisse de dépôt et placement du Québec (CDPQ), and a new investment group led by Warburg Pincus and an affiliate of the J. Safra Group (the "Transaction").

As part of the Transaction, Wendel sold 79% of its total investment in Allied Universal, for net cash proceeds of $721 million and will retain an approximately 6% ownership interest in the company. The Transaction values Wendel's net investment, including realized and unrealized proceeds, at approximately $920 million, or approximately 2.5x total invested capital in USD.

This valuation is approximately $670 million above the valuation of Allied Universal in Wendel's net asset value as of November 16, 2018, published before the sale announcement. Wendel's residual stake in Allied Universal, per the net asset value calculation methodology, will be valued at the transaction price for one year. As part of the Transaction, Wendel agreed to limited governance and liquidity rights commensurate with the small size of its remaining ownership stake.

The Transaction is subject to typical post-closing adjustments, which may impact the equity interest maintained by Wendel. Further, Wendel could be forced to sell additional, or even all shares to the extent the Warburg Pincus investment group raises additional capital.

Wendel invested €125 million in Cromology in conjunction with the renegotiation of its debt

On May 13, 2019, Wendel signed an agreement to renegotiate the financial debt of Cromology, successfully capping a process initiated in Q4 2018. End of May, Wendel invested €125 million in equity alongside the new management team. The new equity contributed by Wendel will strengthen Cromology's financial structure, in particular by lightening its debt burden through the early repayment of €75 million in senior debt. The new equity will also enable the company to implement its transformation plan and finance its investments. Wendel and Cromology have obtained significant concessions from the lenders to give the company sufficient latitude to carry out its recovery plan. Specifically, senior debt maturity has been extended to five years, and financial covenants have been eased considerably, with a covenant holiday until March 2022.

Wendel's €200 million share repurchase

The €200 million share repurchase agreement entered on March 26, 2019, with Goldman Sachs International ("Goldman Sachs"), initiated on April 17, 2019, was completed on December 17, 2019.

Between April 17, 2019 and December 17, 2019, in the context of this program, Wendel acquired a total of 1,645,338 ordinary shares (representing 3.55% of outstanding shares count before the launch of the program) at an average adjusted price of €121.5555.

As a reminder, on April 23, 2019, Wendel made a €200 million payment to Goldman Sachs and received 1,169,399 of its own ordinary shares. These shares were canceled on April 25, 2019.

Upon completion of the agreement, Wendel received from Goldman Sachs 475,939 additional ordinary shares. This additional number of shares has been determined on the basis of the volume-weighted average price per share, less a discount, over the execution period. The additional 475,939 ordinary shares were delivered on December 19, 2019 and were canceled on the same day.

Sale of PlaYce

Wendel sold its 40% holding in PlaYce (formerly SGI Africa) to CFAO generating net proceeds of €32.2 million, following an initial investment of €25.3 million at the end of July 2016.

Sale of Saint-Gobain shares

Since January 2019, Wendel has sold 14.1 million Saint-Gobain shares in the market for a total sale amount of €468 million.

A very strong financial structure, €1.9 billion liquidity

Gross debt as of the end of December stood at €1,615 million, with, net cash position of €1,142 million resulting in a net debt of €473 million. The LTV ratio is 6.0%. Having accounted for the change in share price of Bureau Veritas and, in the case of unlisted companies, the recent fall in share price of their peer group, the LTV ratio, taking into account the market downturn, is estimated at 8 to 9% at March 16.

Successful extension of credit lines

In-mid October, Wendel again successfully extended its undrawn credit facility of €750 million. The new maturity is now October 2024.

Moody's reaffirms Wendel Baa2 rating with a stable outlook

On September 25, 2019, Moody's reaffirmed its Baa2 long term issuer rating to Wendel. As stated in Moody's credit opinion, this rating, one notch above the investment grade threshold, reflects the company's consistent and prudent investment strategy as well as its conservative financial policy as exemplified by a very low point-in-time market value leverage and a commitment to maintain a low market value leverage through market cycles.

€300 million 7-year bond issue bearing interest at 1.375%

On April 23, 2019, Wendel successfully placed a €300 million bond issue maturing in April 2026 and bearing interest at 1.375%. The issue was very well received by investors and was more than 7 times oversubscribed. Proceeds of this issue were used for general corporate purposes and for full, early repayment of bonds maturing in April 2020 (€300 million) and in January 2021 (€207 million) pursuant to their make-whole redemption provisions. These two transactions enabled Wendel to extend its debt maturities while also reducing its gross debt and lowering its average cost.

Reimbursements of €712 million bond debts

Wendel repaid in cash the €500-million exchangeable bonds in Saint-Gobain on July 31, 2019, as well as the bonds bearing 5.875% interest and maturing in September 19, 2019 for total of €212 million.

5.1.4 Consolidated balance sheet

The following table shows the principal changes that took place in the consolidated balance sheet in 2019. For the purposes of this analysis and to clarify the readability of aggregates, certain line items of a similar nature have been combined for their net value. Accordingly, financial debt is presented net of Wendel's pledged cash and cash equivalents and short-term financial investments. Financial assets and liabilities are also presented net of these items.

ASSETS *(in millions of euros)*	**12.31.2019**	**12.31.2018**	**12.31.2017**
Goodwill, net	4,112	3,340	3,575
Intangible assets and property, plant & equipment	3,060	3,234	3,588
Property, plant and equipment under operating leases	537		
Equity-method investments	294	552	534
Net working capital requirements	627	719	764
Assets and operations held for sale	40	118	3
TOTAL	**8,670**	**7,962**	**8,465**

LIABILITIES *(in millions of euros)*	**12.31.2019**	**12.31.2018**	**12.31.2017**
Shareholders' equity – Group share	2,423	2,160	2,164
Non-controlling interests	1,393	1,146	1,093
Provisions	461	508	525
Net financial debt[1]	546	3,917	4,841
Operating lease liability	591		
Net financial assets and liabilities	57	-71	-558
Net deferred tax liabilities	200	302	400
TOTAL	**8,670**	**7,962**	**8,465**

5.1.5 Breakdown of principal changes in the consolidated balance sheet

Goodwill as at December 31, 2018	**3,340**
Acquisition of CPI	782
Currency fluctuations and other	-10
GOODWILL AS AT DECEMBER 31, 2019	**4,112**

INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS AT DECEMBER 31, 2018	**3,234**
Investments	265
Divestments	-11
Changes in scope of consolidation	45
Depreciation/Amortization and provisions recognized during the year	-481
Currency fluctuations and other	9
INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS AT DECEMBER 31, 2019	**3,060**

EQUITY-METHOD INVESTMENTS AS AT DECEMBER 31, 2018	**552**
Sale of investment in Allied Universal	-94
Sale of Multi Color by Constantia	-148
Net income for the year	-119
Impact of the stock option plan in IHS	96
Others (including cumulative translation adjustments)	7
EQUITY-METHOD INVESTMENTS AS AT DECEMBER 31, 2019	**294**

CONSOLIDATED SHAREHOLDERS' EQUITY – GROUP SHARE – AS AT DECEMBER 31, 2018	**2,160**
Net income for the year	400
Items of comprehensive income	39
Dividend paid by Wendel	-124
Net share buybacks	-197
Currency translation reserves	35
Impact of IFRS 16 and IFRIC 23 application	-31
Share-based payments	109
Changes in scope of consolidation	-14
Other	46
CONSOLIDATED SHAREHOLDERS' EQUITY – GROUP SHARE – AS AT DECEMBER 31, 2019	**2,423**

ASSETS HELD FOR SALE AT 12.31.2018	**118**
2018 Allied Universal Group assets held for sale	-92
2018 PlaYce Group assets held for sale	-25
Group TSEBO ATS business held for sale	48
Other	-9
ASSETS HELD FOR SALE AT 12/31/2019	**40**

	Wendel and holdings	Subsidiaries	Total Group
NET FINANCIAL DEBT AS AT DECEMBER 31, 2018	**534**	**3,383**	**3,917**
Main cash flows of Wendel and its holding companies:			
"Recurring" operating expenses, management fees, and tax(1)		68	
"Recurring" financial costs (excluding accounting effects) of Wendel and its holding companies(1)	67		
Dividends paid	123		
Dividends received(2)	-4		
Sale of Allied Universal	-634		
Sale of PlaYce	-32		
Sale of Saint Gobain	-468		
Acquisition of CPI	528		
IHS warrant	4		
Investment in associates(3)	143		
Main cash flows of subsidiaries			
Net cash flow from operating activities		-1,493	
Net cost of financial debt		211	
Net cash flows related to taxes		273	
Acquisition of shares by Bureau Veritas		57	
Acquisition of shares by Constantia Flexibles		6	
Purchase of shares by Tsebo		7	
Sale of MCC by Constantia		-148	
Net acquisition of property, plant & equipment and intangible assets		267	
Investment from Wendel(3)	-	-143	
Dividends paid		97	
Other cash flows			
Net buybacks of treasury shares	197	-13	
Impact of changes in the scope of consolidation(4)		312	
Other	-41	246	
NET FINANCIAL DEBT AS AT DECEMBER 31, 2019	**484**	**3,062**	**3,546**

(1) Cash flows from items presented in "Income from operations" of Wendel and holding companies, excluding impact of FX change on cash and cash equivalents
(2) Dividends received from Saint-Gobain
(3) Of which €125 million for Cromology and €18 million for Tsebo.
(4) Including the consolidation of CPI for €292 M.

Net financial assets and liabilities as at December 31, 2018	**71**
Sale of Saint-Gobain shares	-412
Reclassification of Allied shares following partial divestment	180
Minority puts and liabilities related to liquidity guarantees	88
Change in fair value of cross currency swap	-32
Other	47
NET FINANCIAL ASSETS AND LIABILITIES AS AT DECEMBER 31, 2019	**-57**

5.2 Analysis of the parent-company financial statements

5.2.1 Income Statement

In millions of euros	2019	2018	2017
Income from investments in subsidiaries and associates	5,239	500	260
Other financial income and expense	-64	-88	-134
NET FINANCIAL INCOME	5,175	412	126
Operating income	-35	-28	-35
NET INCOME BEFORE EXCEPTIONAL ITEMS AND TAX	5,139	384	92
Exceptional items	-3,276	-47	13
Income taxes	3	3	12
NET INCOME	**1,866**	**340**	**117**

Income before exceptional items and tax was €5,139 million in 2019 compared with €384 million in 2018. Its evolution mainly corresponds to the interim dividends received from subsidiaries, which increased compared to 2018; Trief Corporation(1) paid an interim dividend of €3,789 million in 2019 compared to €400 million in 2018, and Oranje-Nassau Groep(1) paid an interim dividend of €1,450 million in 2019 compared to €100 million in 2018.

The sum of dividends received in 2019 is due to impacts associated with the simplification of the structures holding Bureau Veritas securities and securities of unlisted investments.

The decrease in financial expenses in 2019 compared to 2018 is mainly driven by down of interest expenses on bonds following the early redemption of the 2020 and 2021 strains, an amount of €46.1 million in 2019 compared to €62.2 million in 2018.

Exceptional items in 2019 notably include an amount of €3,276 million in impairment of portfolio shares (this drop in value results from the transfer of Bureau Veritas shares and offsets the value of the shares received) and cost of €19.8 million resulting from the early redemption of bonds (difference between the redemption price and the nominal value of the bonds bought back on the 2020 and 2021 bonds).

The favorable tax impact on the result includes a tax consolidation profit for the Group of €2.9 million. The 2017 net tax income mainly corresponds to the product to be collected on the reimbursement of the 3% dividend tax for the years 2014 to 2017, for a total amount of €12.6 million.

5.2.2 Balance sheet

Assets (in millions of euros)	**12/31/2019**	**12/31/2018**	**12/31/2017**
Property, plant & equipment	2	2	2
Non-current financial assets	7,611	4,531	4,506
Net intragroup receivables	28	1,520	2,314
Net WCR	-7	-3	11
Cash and marketable securities	1,172	2,119	1,505
Treasury instruments	14	55	76
Redemption premium	3	3	4
TOTAL ASSETS	**8,823**	**8,227**	**8,417**

Liabilities and shareholder's equity (in millions of euros)	**12/31/2019**	**12/31/2018**	**12/31/2017**
Shareholders' equity	7,139	5,597	5,374
Provisions	47	24	42
Financial debt	1,619	2,551	2,918
Redemption premium	3	4	8
Valuation differences on treasury instruments	14	51	76
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY	**8,823**	**8,227**	**8,417**

The variation of €3,080 million in non-current financial assets in 2019 mainly results from the following transactions:

- €3,788.8 million Eufor shares (by distribution of a dividend in kind from Trief Corporation);
- €2,579 million Trief Corporation shares (capital increase of Trief Corporation by incorporation of Wendel's debt);
- €3,291 million Trief Corporation shares impairment; and
- €12.8 million related to the reclassification of 105,936 Wendel regarding the stock option plans whose performance conditions have been met.

The €1,492 million decrease in Net intragroup receivables in 2019 derived mainly from the following factors:

- an overall increase in amounts borrowed from subsidiaries of €1,141.6 million, related mainly to:
  - proceeds from the sale of Saint-Gobain shares (€468.1 million), CSP Technologies shares for the amount of the escrow (€3 million), PlaYce shares (€32 million), and Allied Universal shares (€634.8 million), and
  - dividends from Saint-Gobain received by subsidiaries during the year (€4.1 million);
- an overall increase in amounts lent to subsidiaries of €730.8 million, dedicated mainly to:
  - €125 million to finance capital injection into Cromology in May 2019, and
  - €527.8 million to finance acquisition of CPI in December 2019;
- distribution of an interim dividend of €1,450 million from Oranje-Nassau Groep charged to current account and the capital increase of Trief Corporation by capitalization of debt for an amount of €2,579.5 million;
- the impact of the allowance of the current account of its subsidiary holding Saint-Gobain shares for €47.0 million.

The change in cash and cash equivalents over the 2019 to 2018 financial years of €950.3 million is mainly due to:

- cash flows from/disbursement by subsidiaries for a net amount of €410.8 million;
- the Wendel dividend paid in 2019 for an amount of €123.7 million;
- the repurchase of Wendel shares during the financial year for an amount of €202.7 million; and
- the impact of movements on the redemption and issuance of Wendel bonds for a net total amount of €939.2 million.

Shareholders' equity totaled €7,139 million as of December 31, 2019 *vs* €5,597 million as of December 31, 2018. The change during the year derived primarily from the following factors:

- net income for the period of €1,865.9 million; and
- a cash dividend paid on 2018 earnings of €123.7 million (€2.80 per share); and
- capital reductions for a total amount of EUR 202.7 million.

The main changes in financial debt (excluding intragroup items) in 2019 amounted to €931.7 million and come from:

- the subscription of a bond loan in the amount of €300 million maturing on April 26, 2026, a coupon of 1,375% and an issue price of 99,841%;
- early redemption of bond issues maturing in January 2021 and April 2020 for a total nominal amount of €507.4 million at a price of €527.2 million (the difference of €19.8 million was recorded in P & L); and
- maturity of bonds exchangeable for Saint-Gobain shares on July 31, 2019 for an amount of €500 million and maturity of other bonds on September 17, 2019 for €212 millions.

5.3 Net asset value (NAV)

5.3.1 NAV as of December 31, 2019

NAV as at December 31, 2019, December 31, 2018 and December 31, 2017 break down as follows:

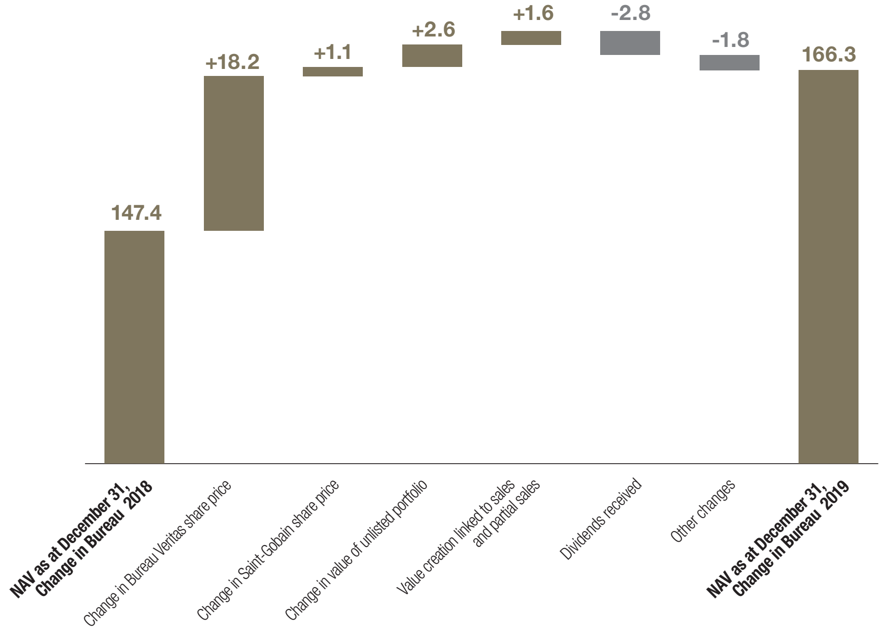
In millions of euros			12/31/2019(6)	12/31/2018	12/31/2017(5)
Listed equity investments	**Number of shares**	**Share price(1)**	3,776	3,268	4,691
▪ Bureau Veritas	160.8/156.3/177.2 million	€23.5/€18.2/€22.7	3,775	2,846	4,024
▪ Saint-Gobain	14.2/14.2 million	€29.8/€47.1	1	422	667
Unlisted investments(2)			4,026	3,908	4,532
Other assets and liabilities of Wendel and holding companies(3)			101	89	69
Cash and marketable securities(4)			1,142	2,090	1,730
GROSS ASSET VALUE			**9,044**	**9,355**	**11,021**
Wendel bond debt			-1,615	(2,532)	(2,863)
NET ASSET VALUE			**7,429**	**6,823**	**8,158**
Of which net debt			(473)	(442)	(1,133)
Number of shares			44,682,308	46,280,641	46,253,210
NET ASSET VALUE PER SHARE			**€166.3**	**€147.4**	**€176.4**
Average of 20 most recent Wendel share prices			€120.8	€103.2	€142.8
PREMIUM (DISCOUNT) ON NAV			**-27.3%**	**-30.0%**	**-19.1%**

(1) Average share price of the 20 trading days prior to December 31, 2019, 2018 and 2017.
(2) Investments in non-publicly traded companies (Cromology, Stahl, IHS, Constantia Flexibles, Allied Universal, Tsebo, indirect investments and debts). As per previous NAV calculation as of December 31, 2017, the IHS valuation as of December 31, 2019, was solely performed based on EBITDA, which is the most relevant sub-total. At December 31, 2019, the residual investment in Allied Universal and the investment in Crisis Prevention Institute are valued according to recent transactions.
(3) Includes 908,950 Wendel treasury shares as at December 31, 2019, 1,013,074 as at December 31, 2018 and 669,402 as at December 31, 2017.
(4) Cash position and financial assets of Wendel & holdings. As of December 31, 2019, this comprises €0.8bn of cash and cash equivalents and €0.3bn short-term financial investments.
(5) Starting December 31, 2017, Wendel adapted the method of determining the net asset value to take into account relative size and financial performance of the portfolio companies. Prior to adapting the methodology, the NAV as of December 31, 2017 amounted to €181.3 per share, thus implying a methodological impact of -2.7%.
(6) At December 31, 2019, aggregate accounting data used to calculate the NAV are restated to consider the new IFRS16, both in the case of Group subsidiaries and associates and comparable companies which are used to determine the relevant multiples.

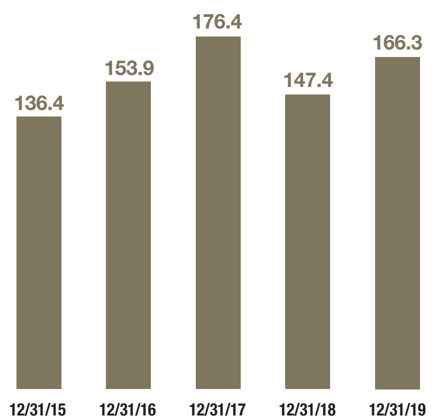
Assets and liabilities denominated in currencies other than the euro have been converted at exchange rates prevailing on the date of the NAV calculation.

If co-investment conditions are realized, there could be a dilutive effect on Wende’s percentage ownership. These items have been taken into account in the calculation of NAV. See page 346.

Change in NAV



NAV per share in euros



5.3.1.1 NAV publication dates and publication-related verification

The annual schedule of NAV publication dates is available in advance on Wendel's website at the following address: http://www.wendelgroup.com.

At each NAV publication date, the Statutory Auditors verify that the methodology used for calculating net asset value complies with the Group's methodology and confirm consistency with accounting data.

The Audit Committee reviews each published NAV and compares Wendel's valuation of unlisted investments with one performed by an independent expert.

5.3.1.2 Presentation of NAV

Presentation format (publication at the level of detail indicated)	Comments
Equity investments valuation date	
+ Listed investments, including:	
■ Bureau Veritas	Average closing price over 20 trading days
+ Unlisted investments	*Unlisted investments are valued using the method described below.*
+ Other assets and liabilities of Wendel and holding companies	*Includes Wendel shares held in treasury*
Cash and marketable securities	*Pledged & unpledged cash of Wendel and holding companies*
Wendel's bond debt and syndicated credit line	*Face value + accrued interest*
Net Asset Value	
Number of Wendel shares	
NAV/share	
Average of 20 most recent Wendel share prices	
Premium (discount) on NAV	

NAV is a short-term valuation of the Group's assets. It does not take into account any control premiums or illiquidity discounts.

5.3.1.3 Listed equity investments

Listed investments are valued on the basis of the average closing price of the 20 trading days prior to the valuation date.

5.3.1.4 Valuation of unlisted investments

Valuation at cost for the 12 months following their acquisition

New, unlisted investments are valued at cost for the first 12 months following their acquisition. After this period, the Company is valued on the basis outlined below.

Valuation by listed peer-group multiples

The preferred method for valuing unlisted investments is comparison with the multiples of comparable listed companies.

The value of shareholders' equity of the companies in Wendel's portfolio is determined as their enterprise value minus net financial debt of investments (gross face value of debt less cash) appearing in the most recent financial statements.

If net debt exceeds enterprise value, the value of shareholders' equity remains at zero if the debt is without recourse to Wendel.

Wendel's percentage ownership is determined by the features of the equity instruments held by Wendel, non-controlling interests and co-investor managers, if any (see note 4 "Participation of managers in Group investments" to the consolidated financial statements).

Enterprise value is obtained by multiplying measures of each company's interim management balances by stock-market multiples of similar listed companies.

The measures of interim management balances most often used in the calculation are recurring EBITDA (earnings before interest, taxes, depreciation and amortization) and recurring EBIT (before goodwill). The choice of earnings measures used can be adjusted depending on the sector in which the subsidiary operates or its business model. In this case, Wendel publishes an explanation of the adjustment.

The enterprise value corresponds to the average of the values calculated using EBITDA and EBIT of two reference periods: the previous year and the budget (or budget update) for the current year. For NAV as of December 31, the budget for the new year being available, the calculation is based on the latest estimate for the year just ended (or the actual if available) and the budget for the new year.

Stock-market multiples of comparable companies are obtained by dividing their enterprise value by their realized or expected EBITDA or EBIT for the reference periods, or in the case of financial years that are different from the calendar year, the closest financial year.

Enterprise value of the comparable companies is obtained by adding market capitalization (the average closing price over the last 20 trading days) and net financial debt (gross face value of debt less cash) at the same (or similar) date as that applied to the net debt of the company being valued.

Comparable listed companies are chosen based on independent data and studies, information available from Wendel's subsidiaries and research carried out by Wendel's investment team. Certain peer-group companies can be more heavily weighted if their characteristics are closer to those of the company being valued than are those of the other companies in the sample.

The peer group remains stable over time. It is, or the weighting thereof is, adjusted when a company is no longer comparable (in which case it is removed from the peer group) or when a company is newly considered as belonging to the peer group for the investment being valued.

Non-representative multiples are excluded from the peer group, such as occur during takeover offers or any other exceptional circumstance affecting the measures of income or the share price.

The data, analyses, forecasts or consensus values used are based on information available on the date of the NAV calculation. If actual data are available when the calculations are performed, they are given priority.

For portfolio companies as for comparables, EBITDA, EBIT and net debt figures used are adjusted for significant acquisitions or asset sales.

Significant non-controlling interests in portfolio companies are excluded from the portion of equity value attributed to the Group.

For small portfolio companies whose average revenue (over the reference periods used for the NAV calculation) is less than €500 million, the enterprise value is the smaller of (i) the value based on peer-group multiples, calculated according to the usual method (discounted in the event of disappointing financial performance, as explained below) and (ii) the value based on the acquisition multiple applied to the EBITDA or EBIT of the current year.

In the event the financial performance of a portfolio company is disappointing, a discount of 10% is applied to peer-group multiples. This discount is applied when the EBITDA or EBIT for the current year is more than 10% less than that of the previous year, unless the decline is due to currency fluctuations or an operational decision. The discount is cancelled only when the EBITDA or EBIT for the full year is at least equal to that of the year that preceded the date the discount was activated. Nevertheless, no discount is applied if an identical trend is observed in the sample of peer-group companies.

Valuation by transaction multiples

Transaction multiples may also be used when the transaction involves a company whose profile and business are similar to those of the company being valued. In this case, reliable information must be available on the transaction, in sufficient detail. In some cases, the multiple used to value an investment will be an average, either straight or weighted, of the peer-group multiple and the transaction multiple. If used, the transaction multiple is applied for a period of 12 months, in line with the methodology of using the price paid in an acquisition.

Other methods

If a valuation by peer-group multiples is not relevant, other valuation methods may be used. Their choice depends on the nature of the activity, the profile of the asset concerned and market practices (appraisals, valuation by discounting future cash flows, sum of parts, etc.).

Purchase offers

Purchase offers received for unlisted investments are taken into account if they are serious, *i.e.* relatively firm and reasonable. In this case, Wendel uses the average, either straight or weighted based on the probability of acceptance, of the internal valuation and the average purchase price offered. Depending on the specific terms of these offers, they might be used as the sole basis for the valuation. The price of a purchase offer is applied for a period of 12 months, in line with the methodology of using the price paid in an acquisition. A purchase offer is taken into account if it was received prior to the date of the Board that approves the NAV.

Price of dilutive transactions on the share capital of portfolio companies

Capital increases that have a significant dilutive or accretive effect on the whole or on certain shareholders are considered as a transaction between shareholders. The price of such a transaction can be used to value the entire related investment and is maintained for a period of 12 months, just as in the case of the price paid in an acquisition. These transactions are taken into account in the NAV if a firm commitment was signed prior to the date of the NAV calculation.

The principle of valuation at the price paid is not applied in the event Wendel exercises an option to acquire shares or subscribe to a capital increase at an exercise price set on the basis of a situation that pre-dates the exercise.

5.3.1.5 Cash

Cash of Wendel and its holding companies includes available cash at the valuation date (including liquid financial investments) and pledged cash.

5.3.1.6 Financial debt

Financial debt (Wendel's bond debt, syndicated loan outstandings and bank debt with margin calls) is valued at its face value plus accrued interest.

For the purposes of the calculation, financial debt is valued at face value, which is not affected by changes in interest rates or credit quality. Accordingly, interest-rate swaps are not valued at their market value, as the swaps are treated as part of the debt.

5.3.1.7 Other NAV components

Current assets and liabilities are considered at their net book value or their market value, depending on their nature, i.e. at face value, less any impairment, in the case of receivables, and at market value in the case of derivatives, with the exception of interest-rate swaps. Real estate is valued on the basis of appraisals carried out at regular intervals.

Shares held in treasury and earmarked for sale upon the exercise of stock options are valued at the lower of the strike price of the options or the average price of the shares over the last 20 trading days. Shares held to cover performance share plans are valued at zero. Other shares held in treasury are valued at the average price over the last 20 trading days.

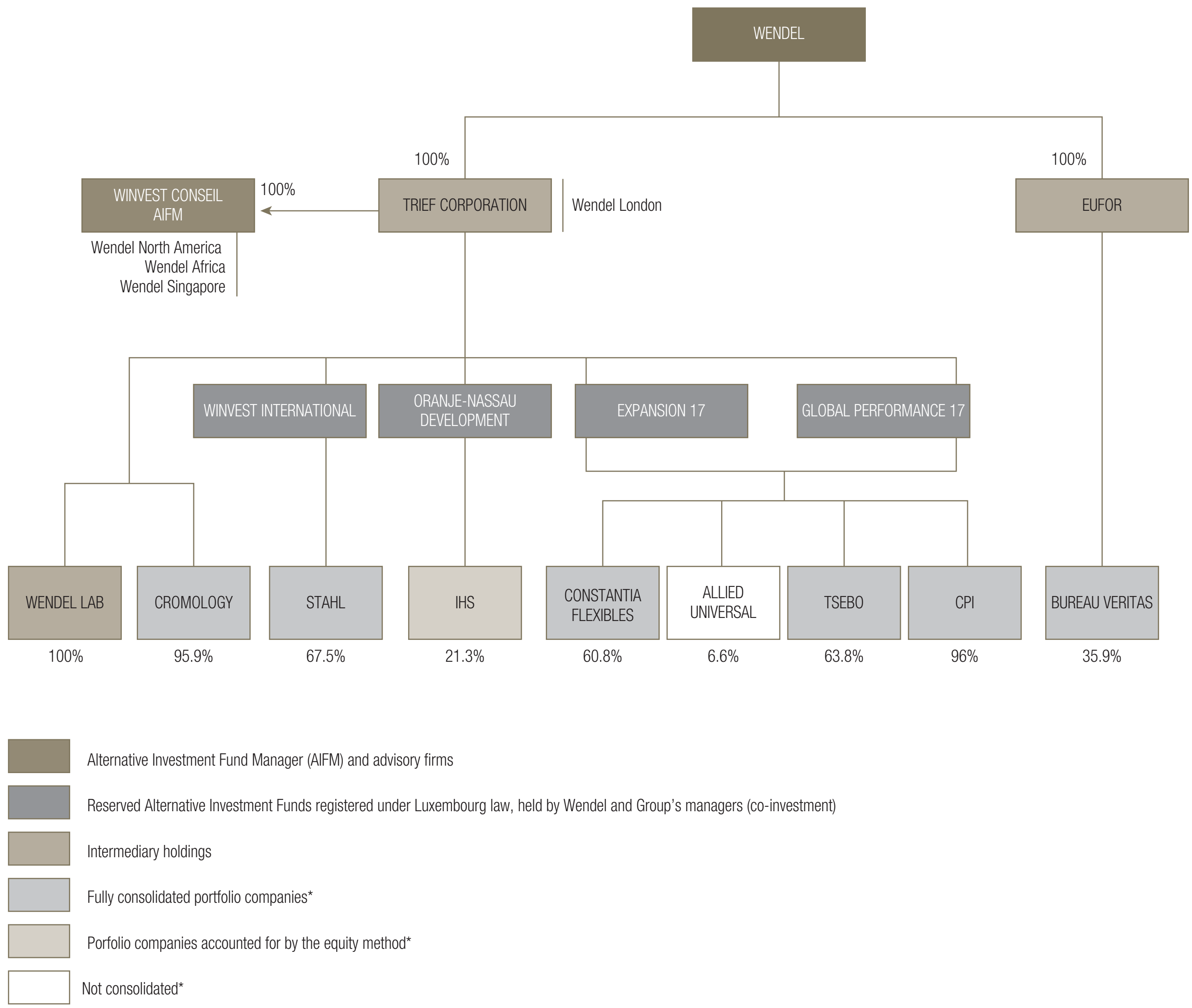
As NAV is a short-term valuation of the Group's assets, Wendel's future operating expenses do not enter into the calculation. Similarly, future tax effects are not included so long as the sale price of an investment and the form of the sale (in particular the tax consequences) are not both known and certain.

The number of Wendel shares taken into account in the calculation of NAV per share is the total number of shares composing Wendel's equity at the valuation date.

Assets and liabilities denominated in a foreign currency other than euros are converted at the exchange rate prevailing on the date of the NAV calculation. If several exchange rates exist, the rate used for the preparation of the consolidated financial statements is applied.

Some aspects of the method described above may be amended if such a change produces a more faithful valuation. Any such changes would be announced by Wendel.

5.4 Simplified chart as of December 31, 2019



** Percentage of interest net of treasury shares*

6

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019

6.1 Balance sheet – Statement of consolidated financial position

Assets

In millions of euros	Note	12/31/2019	12/31/2018
Goodwill, net	6 and 7	4,112.0	3,339.8
Intangible assets, net	6 and 8	1,769.0	1,903.9
Property, plant & equipment, net	6 and 9	1,291.3	1,330.0
Property, plant and equipment under operating leases	6 and 9	536.9	-
Non-current financial assets	6 and 13	480.4	717.0
Pledged cash and cash equivalents	6 and 12	16.6	0.5
Equity-method investments	6 and 10	294.0	551.7
Deferred tax assets	6	217.2	208.3
NON-CURRENT ASSETS		**8,717.5**	**8,051.2**
Assets and operations held for sale		**55.3**	**118.0**
Inventories	6	465.6	452.9
Trade receivables	6 and 11	1,697.4	1,889.0
Contract assets (net)		226.0	0.9
Other current assets	6	354.5	326.2
Current income tax payable	6	68.0	74.9
Other current financial assets	6 and 13	367.0	305.6
Cash and cash equivalents	6 and 12	2,624.7	3,098.4
CURRENT ASSETS		**5,803.3**	**6,147.9**
TOTAL ASSETS		**14,576.0**	**14,317.1**

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", Wendel's investment in Allied Universal and in PlaYce have been reclassified as "Assets and liabilities of operations held for sale" as of December 31, 2018.

The financial statements as at December 31, 2018 were not restated to reflect application of IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments." See note 1.1 concerning the impacts of their application.

Liabilities

In millions of euros	Note	12/31/2019	12/31/2018
Share capital		178.7	185.1
Share premiums		53.3	50.9
Retained earnings & other reserves		1,791.5	1,879.0
Net income for the period – Group share		399.7	45.3
SHAREHOLDERS' EQUITY – GROUP SHARE		2,423.1	2,160.3
Non-controlling interests		1,392.5	1,146.1
TOTAL SHAREHOLDERS' EQUITY	**14**	**3,815.6**	**3,306.3**
Provisions	6 and 15	456.1	443.5
Financial debt	6 and 16	5,896.7	5,631.8
Operating lease liabilities	6 and 16	458.2	-
Other non-current financial liabilities	6 and 13	454.9	456.7
Deferred tax liabilities	6	416.8	510.2
TOTAL NON-CURRENT LIABILITIES		**7,682.6**	**7,042.2**
Liabilities held for sale		**15.4**	**-**
Provisions	6 and 15	5.1	64.3
Financial debt	6 and 16	627.4	1,667.8
Operating lease liabilities	6 and 16	132.8	-
Other current financial liabilities	6 and 13	112.5	212.4
Trade payables	6	937.0	902.6
Other current liabilities	6	1,091.9	1,014.4
Current income tax payable	6	155.6	107.0
TOTAL CURRENT LIABILITIES		**3,062.3**	**3,968.5**
TOTAL EQUITY AND LIABILITIES		**14,576.0**	**14,317.1**

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

The financial statements as at December 31, 2018 were not restated to reflect application of IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments". See note 1.1 concerning the impacts of their application.

6.2 Consolidated income statement

In millions of euros	Note	2019	2018
Net sales	6 and 17	8,562.2	8,389.2
Other income from operations		19.2	16.2
Operating expenses		-7,809.8	-7,638.1
Gains/losses on divestments		-3.6	-11.0
Asset impairment		-134.7	-59.1
Other income and expense		-9.8	-21.2
OPERATING INCOME	**6 and 18**	**623.6**	**676.0**
Income from cash and cash equivalents		5.4	-4.1
Finance costs, gross		-266.8	-269.1
Finance costs, net	**6 and 19**	**-261.4**	**-273.2**
Other financial income and expense	6 and 20	-25.2	11.5
Tax expense	6 and 21	-237.4	-173.9
Net income (loss) from equity-method investments	6 and 22	-78.2	-131.5
Net income before income from discontinued operations and operations held for sale		**21.4**	**108.8**
Net income from discontinued operations and operations held for sale	23	604.1	171.6
NET INCOME		**625.6**	**280.4**
Net income – non-controlling interests		225.8	235.1
NET INCOME – GROUP SHARE		**399.7**	**45.3**

In euros	Note	2019	2018
Basic earnings per share	24	8.98	1.00
Diluted earnings per share	24	8.95	0.98
Basic earnings per share from continuing operations	24	-5.25	-2.76
Diluted earnings per share from continuing operations	24	-5.24	-2.75
Basic earnings per share from discontinued operations	24	14.23	3.75
Diluted earnings per share from discontinued operations	24	14.19	3.73

In accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”, the results of Allied Universal and Tsebo Group ATS division particularly have been reclassified to a single line in the income statement, “Net income from discontinued operations and operations held for sale”.

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

6.3 Statement of comprehensive income

In millions of euros	2019 Gross amounts	2019 Tax effect	2019 Net amount	2018 Gross amounts	2018 Tax effect	2018 Net amount
Items recyclable in net income						
Currency translation reserves[1]	74.6	-	74.6	-72.6	-	-72.6
Gains and losses on derivatives qualifying as hedges[2]	-8.0	-1.1	-9.1	-45.1	3.4	-41.6
Items non-recyclable in net income						
Gains and losses on financial assets through other comprehensive income[3]	56.4	-	56.4	-265.7	-	-265.7
Actuarial gains and losses	-16.6	4.4	-12.1	6.9	-1.3	5.7
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (A)	**106.4**	**3.3**	**109.7**	**-376.5**	**2.1**	**-374.2**
Net income for the period (B)			625.6			280.4
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A) + (B)			**735.1**			**-93.7**
Attributable to:						
■ to Wendel shareholders			473.0			-261.1
■ to non-controlling interests			262.1			167.4

(1) This item includes the contribution of Bureau Veritas for €48 million.
(2) Of which a negative amount of €14.9 million related to the change in the fair value of cross currency swaps set up by Wendel SE (see note 5-5.1 "Managing currency risk – Wendel").
(3) Net income equals the change in fair value of the Saint-Gobain stock of €56.4 million.

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

6.4 Statement of changes in shareholders' equity

In millions of euros	Number of shares outstanding	Share capital	Share premiums	Treasury shares	Retained earnings & other reserves	Cumulative translation adjustments	Group share	Non-controlling interests	Total shareholders' equity
SHAREHOLDERS' EQUITY AS OF 12/31/2017	**45,583,808**	**185.0**	**48.7**	**-294.8**	**2,455.1**	**-229.8**	**2,164.2**	**1,092.5**	**3,256.7**
First-time application of IFRS 9					-6.2		-6.2	-12.0	-18.2
ADJUSTED SHAREHOLDERS' EQUITY AS OF 01/01/2018	**45,583,808**	**185.0**	**48.7**	**-294.8**	**2,448.9**	**-229.8**	**2,158.0**	**1,080.5**	**3,238.5**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	-289.9	-16.6	-306.4	-67.7	-374.2
Net income for the period (B)					45.3	-	45.3	235.1	280.4
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)[1]		**-**	**-**	**-**	**-244.5**	**-16.6**	**-261.1**	**167.4**	**-93.7**
Dividends paid[2]					-120.5		-120.5	-169.3	-289.8
Movements in treasury shares	-343,672	-		-61.0			-61.0		-61.0
Capital increase									
▪ exercise of stock options	7,276	-	0.4				0.4		0.4
▪ company savings plan	20,155	0.1	1.9				2.0		2.0
Share-based payments					18.8		18.8	15.0	33.8
Changes in scope of consolidation					238.5	14.1	252.6	76.5	329.1
Other					171.2	-	171.2	-24.0	147.2
SHAREHOLDERS' EQUITY AS OF 12/31/2018	**45,267,567**	**185.1**	**50.9**	**-355.8**	**2,512.3**	**-232.2**	**2,160.3**	**1,146.1**	**3,306.4**
Effects of the application of new IFRS 16 and IFRIC 23 standards and interpretations					-31.3		-31.3	-54.2	-85.5
ADJUSTED SHAREHOLDERS' EQUITY AS OF 01/01/2019	**45,267,567**	**185.1**	**50.9**	**-355.8**	**2,481.0**	**-232.2**	**2,129.0**	**1,091.9**	**3,221.0**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	38.5	34.8	73.3	36.4	109.7
Net income for the period (B)					399.7		399.7	225.8	625.6
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)[1]		**-**	**-**	**-**	**438.2**	**34.8**	**473.0**	**262.1**	**735.1**
Dividends paid[2]					-123.7		-123.7	-175.0	-298.7
Movements in treasury shares	-1,541,214	-6.6		-190.3			-196.8		-196.8
Capital increase							-		
▪ exercise of stock options	20,950	0.1	-0.1						-
▪ company savings plan	26,055	0.1	2.4				2.5		2.5
Share-based payments					109.4		109.4	15.2	124.6
Changes in scope[3]					-14.0	-0.7	-14.6	230.6	216.0
Other[4]					44.3		44.3	-32.4	11.9
SHAREHOLDERS' EQUITY AS OF 12/31/2019	**43,773,358**	**178.7**	**53.3**	**-546.0**	**2,935.3**	**-198.1**	**2,423.1**	**1,392.5**	**3,815.6**

(1) See "Statement of comprehensive income".
(2) In the first semester of 2019, Wendel paid a dividend of €2.80 per share, for a total of €123.7 million. In 2018, Wendel paid a dividend of €2.65 per share, for a total of €120.5 million.
(3) In 2019, the changes in the scope of consolidation primarily included the Group share of the impact of the change in the percentage ownership of Bureau Veritas, of €-12 million. The €230.6 million change in non-controlling interests was largely attributable to the change in the percentage ownership of Bureau Veritas of €+132.5 million through the purchase of the minority holding of the Cromology Group for €+54.6 million, the new consolidation of CPI, which impacted minority reserves in the amount of €+17 million and other items of small individual significance but representing a total of €+23.5 million. In 2018, changes in the scope of consolidation included €301.9 million in income in Group share from the sale of Bureau Veritas shares (€400 million at 100%), and the negative amount of €50 million related to Wendel's buyback of 4.8% of Stahl's share capital from its co-shareholder Clariant. The changes in scope of consolidation are broken down in note 2 "Changes in scope of consolidation".
(4) The other changes include the impact of changes in value of the minority-held puts as well as the cancellation of deferred taxes on the Matéris convertible bonds.
(5) The effects of changes in accounting standards and interpretations due to the application of IFRS 16 "Leases" and IFRIC 23 "Uncertainty over Income Tax Treatments" as of January 1, 2019 were €31.3 million in terms of the Group share of earnings and €54.2 million in terms of the non-controlling interests' share of earnings. These items are detailed in note 1-1 on standards, interpretations and amendments to existing standards that were mandatory in 2019.

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

6.5 Consolidated cash flow statement

In millions of euros	Note	2019	2018
Net income		625.6	280.6
Share of net income/loss from equity-method investments		78.2	131.5
Net income from discontinued operations and operations held for sale		-604.1	-171.6
Depreciation, amortization, provisions and other non-cash items		738.4	466.3
Expenses on investments and divestments		14.2	9.9
Cash flow from companies held for sale		0.0	21.7
Gains/losses on divestments		0.5	10.1
Financial income and expense		283.3	261.7
Income taxes (current and deferred)		237.4	173.9
Cash flow from consolidated companies before tax		**1,373.3**	**1,184.1**
Change in working capital requirement related to operating activities		56.8	27.3
Changes in working capital requirements of discontinued operations or operations held for sale related to operating activities		-5.6	-
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX	**6**	**1,424.5**	**1,211.4**
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	25	-276.3	-299.6
Disposal of property, plant & equipment and intangible assets	26	10.4	13.3
Acquisition of equity investments	27	-601.7	-232.7
Disposal of equity investments	28	1,289.1	614.8
Impact of changes in scope of consolidation and of operations held for sale	29	28.6	-8.7
Changes in other financial assets and liabilities	30	-31.6	136.7
Dividends received from equity-method investments and unconsolidated companies	31	7.5	20.4
Change in working capital requirements related to investment activities		-18.1	-30.7
Change in working capital requirements of discontinued operations or operations held for sale related to investments		-1.6	
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX	**6**	**406.3**	**213.5**
Capital increase		2.5	2.4
Contribution of non-controlling shareholders		14.5	19.9
Purchases of treasury shares			
■ Wendel		-197.2	-61.0
■ Subsidiaries		13.4	-37.4
Transaction with non-controlling interests			350.0
Dividends paid by Wendel		-123.7	-120.6
Dividends paid to non-controlling shareholders of subsidiaries		-98.1	-169.2
New borrowings	32	1,220.8	971.2
Repayment of borrowings	32	-2,359.3	-658.4
Net finance costs		-276.4	-258.4
Other financial income/expense	33	-235.6	-23.3
Change in WCR related to financing activities		7.2	-11.0
Change in WCR from discontinued operations or operations held for sale related to financing activities		0.1	
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX	**6**	**-2,031.6**	**4.2**
Current tax expense		-252.3	-237.4
Change in tax assets and liabilities (excl. deferred taxes)		-20.3	13.6
NET CASH FLOWS RELATED TO TAXES	**6**	**-272.7**	**-223.8**
Effect of currency fluctuations		0.0	-12.5
Reclassified cash and cash equivalents		-0.5	
Cash flow from operations held for sale		-0.1	
NET CHANGE IN CASH AND CASH EQUIVALENTS		**-474.2**	**1,192.8**
Cash and cash equivalents at beginning of period		3,098.9	1,906.0
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**12**	**2,624.7**	**3,098.9**

The principal components of the consolidated cash flow statement are detailed in notes 25 *et seq.*

Details on the cash and cash equivalents accounts and how they are classified on the consolidated balance sheet are shown in note 12 "Cash and cash equivalents".

In accordance with IFRS 5, the cash flows of companies sold are kept in each of the cash flow categories until these companies are reclassified to "discontinued operations and operations held for sale". Cash as of the sale date was reclassified to "Impact of changes in scope of consolidation and of operations held for sale".

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

6.6 General principles

Wendel is a European company with an Executive Board and a Supervisory Board, governed by European and French laws and regulations that are, or will be, in force. The Company is registered in the Paris Trade and Company Register (Registre du commerce et des sociétés) under number 572 174 035. Its head office is located at 89 rue Taitbout, Paris, France.

Its business consists in investing for the long term in industrial and service companies, in order to accelerate their growth and development.

As of December 31, 2019, the Wendel Group was primarily comprised of:

- fully consolidated operating companies: Bureau Veritas (35.9% net of treasury stock), Cromology (95.9%), Stahl (67.5%), Constantia Flexibles (60.7%), Tsebo (65.8%) and CPI (96%);
- an operating company accounted by the equity method: IHS (21.4%);
- Wendel and its fully consolidated holding companies.

The consolidated financial statements of the Wendel Group cover the 12-month fiscal year from January 1 to December 31, 2019 and are expressed in millions of euros. They include:

- the balance sheet (statement of financial position);
- the income statement and the statement of comprehensive income;
- the statement of changes in shareholders' equity;
- the cash flow statement; and
- the appended notes.

Each accounting item in these financial statements includes the contribution of all of the Group's fully consolidated companies. However, each of Wendel's subsidiary companies is managed independently under the responsibility of its own executive management. It is therefore important to analyze subsidiaries' individual performance using relevant aggregate accounting data for their respective business activities. Aggregate data for each fully-consolidated subsidiary are presented in note 6 "Segment information", which shows the contribution of each subsidiary to the income statement, balance sheet, and cash flow statement. Aggregate accounting data for equity-method investments are set out in note 10 "Equity-method investments". An analysis of the Group's overall performance by business activity is provided in note 6 "Segment information", which details recurring net income by business activity and non-recurring net income. There is no financial recourse between the different operating subsidiaries or from the operating subsidiaries to Wendel and its holding companies (see note 5-2.2 "Impact of liquidity risk of subsidiaries on Wendel"). The debt positions of the fully-consolidated subsidiaries, and of Wendel and its holding companies, are presented individually in note 5-2 "Managing Liquidity Risk".

These financial statements were finalized by Wendel's Executive Board on March 11, 2020 and will be submitted for shareholders' approval at the Shareholders' Meeting.

6.7 Appended notes

NOTE 1 Accounting principles

Wendel's consolidated financial statements for the fiscal year ended December 31, 2019 have been prepared in accordance with IFRS (International Financial Reporting Standards) principles and methods as adopted by the European Union on December 31, 2019, in accordance with Regulation No. 1606/2002 of the European Council and the European Parliament pertaining to the application of international accounting standards, adopted on July 19, 2002.

With the exception of the new standards and interpretations that became mandatory for fiscal years beginning on or after January 1, 2019, the accounting principles used are the same as those used in preparing the annual consolidated financial statements for the year ended December 31, 2018, corresponding to the IFRS reference as adopted by the European Union, which is available on the EU Commission website:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

Apart from IFRS 16 and IFRIC 23, described below, no new standards, interpretations or amendments with mandatory application for fiscal years beginning on or after January 1, 2019 had significant impact on the Group's condensed consolidated financial statements of December 31, 2019.

Note 1-1 Standards, interpretations and amendments to existing standards that were mandatory in 2019

The Group has adopted standards and texts applicable from the fiscal year beginning on January 1, 2019. These standards, interpretations and amendments are listed below:

First-time application of IFRS 16 "Leases"

For lessees, the application of IFRS 16 "Leases" results in the recognition of leases in the balance sheet through an asset (representing the right to use the underlying asset during the lease term) and a corresponding liability (representing the obligation to pay fixed rents). The new standard eliminates the distinction between operating leases and finance leases.

The Group has applied the simplified retrospective method without restatement of the comparative periods. The cumulative impact of the first-time application of IFRS 16 is recognized as an adjustment of opening equity as of January 1, 2019.

In accordance with the simplification provided for in IFRS 16, the Group has applied the new standard to leases identified in accordance with the definition of the previous standards IAS 17 and IFRIC 4, without reassessing the qualification of contracts in progress at January 1, 2019.

The right of use of Bureau Veritas' main property leases is measured as if IFRS 16 had always been applied, except for the discount rate used in measuring the right of use, which is the rate used to measure debt as of January 1, 2019, excluding initial direct costs. The right of use of other leases is equal to the amount of the lease liability as of January 1, 2019 (adjusted for prepaid rent and rents payable).

The lease liability is the present value of remaining lease payments. Future payments have been discounted on the basis of the subsidiaries' incremental borrowing rates in accordance with the remaining lease terms as of January 1, 2019.

The Group opted for the exemption offered by IFRS 16 for short-term and low-value leases (assets with a unit value of less than €5,000). Rents on these leases are therefore still recognized as operating expenses. For the first time application, the Group also chose not to recognize leases with a remaining term of less than 12 months, in accordance with IFRS 16.

In assessing the lease term, the Group has taken the non-cancellable period of each contract and any extension option that the Group is reasonably certain to exercise and any termination option that the Group is reasonably certain not to exercise. Regarding commercial leases in France (3-6-9 years), the Group applied a term aligned with that used for the depreciation of the fittings of the leased properties, not exceeding 9 years in accordance with the opinion of the French Accounting Standards Authority. It should be noted that ESMA has applied to the IFRS Interpretations Committee for an opinion on the term to be used for indefinite leases that can be terminated at any time. Internationally, reasonably certain extension options were assessed with regard to the level of payments of the optional period in relation to market conditions, the track record of extensions of similar leases, management's intention and termination costs. For leases bearing on land, the Group has assumed a lease term aligned with that used for the depreciation of the buildings located on the land in question.

The Group recognizes the deferred taxes attached to the recognition of the right of use and the lease liabilities.

The impacts of the first-time application of IFRS 16 are as follows:

In millions of euros	Bureau Veritas	Cromology	Constantia Flexibles	Stahl	Tsebo	Holding companies
Property, plant & equipment, net	304.3	124.2	33.4	17.5	6.4	7.3
Deferred tax assets	9.4			0.1		
Trade receivables and other current assets	-0.8					
TOTAL ASSETS	**312.9**	**124.2**	**33.4**	**17.6**	**6.4**	**7.3**
Equity	-27.7			-1.2		
Non-current borrowings and financial debt	287.3	98.1	25.9			
Current borrowings and financial debt	65.8	26.2	7.5	18.8	6.4	7.3
Trade payables and other current liabilities	-12.5	-0.1				
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**312.9**	**124.2**	**33.4**	**17.6**	**6.4**	**7.3**

As of December 31, 2019, the right-of-use asset recognized in the balance sheet amounted to €536.9 million, and the lease liability to €458.2 million in "Non-current financial debt" and €132.8 million in "Current borrowings and financial debt".

1) Impacts on the income statement as of December 31, 2019

The impact of IFRS 16 on the 2019 consolidated income statement concerns:

- net operating income, which showed a favorable effect of €19.0 million. This resulted from the difference between the eliminated lease expense of €161.8 million and the new €-142.8 million depreciation expense on right-of-use assets; and
- net financial income, which showed an unfavorable effect of negative €-19.1 million for interest on leases.

2) Impacts on the cash flow statement

The cash-out related to operating leases transactions are from now on presented in the caption reimbursement of debts and paid interests among financing cash operations. It corresponds to an increase in operating activities' flows and a decrease in financing flows of €145.6 million for the period ended December 31, 2019.

The difference between the lease obligation shown pursuant to IAS 17 at December 31, 2018 and the lease liabilities measured per IFRS 16 at January 1 can be explained as follows:

In millions of euros	Bureau Veritas	Cromology	Constantia Flexibles	Stahl	Tsebo
Off-balance-sheet commitments 12/31/18	351.7	146.9	39.8	21.4	8.2
Exemptions (less than 12 months and low value)		-3.2	-1.2	-1.5	
Discounting of lease liability payments	-71.1	-46.5	-4.6	-1.1	
Other (1)	72.5	27	-0.6		-1.8
Lease liabilities as of January 1, 2019	**353.1**	**124.2**	**33.4**	**18.8**	**6.4**

(1) The €72.5 million consist, for Bureau Veritas, on virtually certain payments net of payments under short-term leases.

First-time application of IFRIC 23 "Uncertainty over Income Tax Treatments".

IFRIC 23 "Uncertainty over Income Tax Treatments" complements the provisions of IAS 12 "Income Taxes"; it sets out the procedures for measuring and recognizing uncertainties relating to income taxes. The interpretation recommends that an entity determines whether it is likely that the tax administration will accept uncertain tax treatment, and that it takes into account the impact of this uncertainty in the determination of taxable income, tax loss carry-forward, unused tax credits and tax rates.

The Group applied the modified retrospective approach and noted the effect of the first-time application of IFRIC 23 as of January 1, 2019 without restatement of the comparative period.

As of January 1, 2019, the first-time application of IFRIC 23 resulted in:

- a negative impact of €56.1 million in the form of a reduction in retained earnings, of which €55.5 million concerned Bureau Veritas; and
- a reclassification from provisions for tax risks relating to corporate income tax to "Other current liabilities".

Note 1-2 Methods of consolidation

The companies over which Wendel has exclusive control are fully consolidated. Companies over which Wendel has significant influence or joint control have been accounted for using the equity method. Net income of acquired subsidiaries is consolidated from their acquisition date, while net income of divested subsidiaries is consolidated up to their divestment date or closest reporting date.

Note 1-3 Financial statements used as the basis for consolidation

Wendel's consolidated financial statements have been prepared on the basis of:

- the consolidated financial statements for the year ended December 31, 2019 of Bureau Veritas, Constantia Flexibles, Cromology, IHS, Stahl, Tsebo and CPI;
- the consolidated financial statements of Allied Universal for the period from January 1, 2019 to December 11, 2019;
- for all other companies, their individual financial statements for the 12-month fiscal year ended December 31, 2019.

Financial information relating to these subsidiaries and associates has been prepared in accordance with IFRS recognition and measurement rules.

Significant changes in the Group's scope of consolidation for fiscal year 2019 are presented in note 2 "Changes in scope of consolidation". The main subsidiaries consolidated as of December 31, 2019 are presented in note 38 "List of principal consolidated companies".

Note 1-4 Business combinations

IFRS 3 "Business combinations", and IAS 27 "Consolidated and separate financial statements", revised, applicable since January 1, 2010, affect the accounting for transactions that lead to the taking of control, or partial sales that lead to a loss of control:

- specifically: ancillary transaction costs are recognized in operating income for the period; price adjustments are initially recognized at their fair value, and future fluctuations in their value are recognized in operating income;
- when control is obtained (or lost) the percentage previously held (or remaining) is revalued at fair value and recognized in profit or loss;
- when control is obtained, non-controlling interests are recognized either in proportion to their share in the fair value of the assets and liabilities of the acquired entity, or at their fair value. A proportion of goodwill is also allocated to non-controlling interests at that time. This choice is made on a case-by-case basis for each acquisition;
- purchases and sales of shares in controlled companies that do not lead to the assumption or loss of control are recognized as transfers between the Group share of consolidated shareholders' equity and the share held by non-controlling interests. There is no impact on profit or loss;
- non-controlling interests may become negative because since net income or loss of a subsidiary is allocated between the Group share and the non-controlling interests' share, according to their respective equity interests.

Consequently, in the event control is acquired of an entity in which the Group already has an investment, the transaction is analyzed as a dual operation. On the one hand, as a divestment from the entire investment previously held with recognition of the gain on consolidated investments, and on the other hand, as an acquisition of all the shares with recognition of goodwill on the entire investment. In the event of a partial divestment with loss of control (but with a non-controlling investment retained) the transaction breaks down into a divestment and an acquisition: divesting from the entire investment with a calculation of a consolidated investment gain plus the acquisition of a non-controlling interest which is then recorded at its fair value.

Note 1-5 Commitments to buy non-controlling interests of consolidated subsidiaries

When the Group has made firm or conditional commitments to non-controlling shareholders in consolidated subsidiaries to buy their stakes, a financial liability is recognized in an amount corresponding to the estimated present value of the purchase price.

As of December 31, 2019, in the absence of any specific IFRS guidance, this financial liability was offset:

- firstly, by eliminating the carrying amount of the corresponding non-controlling interests;
- secondly, by reducing the Group share of shareholders' equity as follows: the difference between the estimated value of the purchase commitment and the carrying amount of non-controlling interests is deducted from the Group share of retained earnings and other reserves. This balance is adjusted at the end of each accounting period to reflect changes in the estimated exercise price of the purchase commitments and the carrying amount of the non-controlling interests.

This has no impact on the consolidated income statement, barring subsequent changes to standards and interpretations.

Note 1-6 Intercompany asset sales and transfers

Gains and losses on the sale or transfer of assets between consolidated companies have been eliminated from income and the assets have been maintained at their initial value, except in the event of losses deemed permanent, for which an impairment charge is recognized on the income statement.

Note 1-7 Conversion of the financial statements of foreign companies whose functional currency is not the euro

Wendel presents its financial statements in euros.

The balance sheets of foreign companies whose functional currency is not the euro have been converted into euros at the exchange rate prevailing at the closing date, and their income statements converted at the average exchange rate for the fiscal year or consolidation period. The discrepancy between the opening and closing balance sheets, as well as that resulting from the application of these exchange rates are carried in consolidated reserves under "translation adjustments" until the assets and liabilities and all the foreign currency operations related to them are sold or liquidated. In this case currency translation differences are written back either on the income statement if the operation leads to a loss of control, or directly as a change in shareholders' equity in the case of a change in non-controlling interests without a loss of control.

The principal exchange rates used in the consolidated financial statements are as follows:

	Closing rate		Average rate	
	2019	2018	2019	2018
EUR/USD	1.1234	1.1450	1.1194	1.1804

Note 1-8 Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amounts reported in such financial statements. These estimates and judgments are based on Wendel's and its subsidiaries' appreciation of the facts and circumstances existing at the balance sheet date, as well as on information available on the date the accounts were finalized. They are established on the basis of the past experience of the management of the Group or its subsidiaries and various other factors deemed reasonable, such as market data or the work of an independent appraiser, and are reviewed on a regular basis. The uncertainty has complicated forecasting, and actual amounts could therefore be different from the forecasts.

Estimates and assessments made in order to prepare these financial statements concern in particular, for the most significant elements, goodwill, impairment tests on goodwill and equity-method investments, provisions, deferred taxes, derivatives, valuation of purchase commitments of non-controlling interests, and the treatment of co-investments.

Note 1-9 Measurement rules

Note 1-9.1 Goodwill

Goodwill represents the difference between the cost of acquiring a company and the Group's share of the fair value of its net assets, liabilities, and identifiable contingent liabilities on the date of acquisition. The identifiable assets and liabilities of the acquired company that meet the IFRS recognition criteria are recognized at their fair value at the date of the acquisition. Adjustments in the fair values of assets and liabilities acquired as part of business combinations and initially recognized on the basis of temporary values (because of ongoing appraisals or outstanding additional analyses) are recognized as retroactive goodwill adjustments if they occur within 12 months after the acquisition date. Thereafter, such adjustments are recognized directly on the income statement unless they are made in correction of errors. The revised version of IFRS 3 "Business combinations" provides that goodwill may be applied to non-controlling interests, if the Group so chooses. Goodwill is presented, where applicable, net of any cumulative recognized loss in value.

Goodwill is not amortized, but is instead tested for impairment at least once per year, on December 31, or more frequently if there is any indication that it may be impaired. Indications of impairment may include a significant or prolonged decline in the share price of a listed company, a shortfall in net income compared with the budget or a deterioration in the sector environment in which a company operates. For impairment tests, goodwill is broken down by Cash-Generating Units (CGU). Each operating subsidiary (Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Tsebo and CPI) corresponds to a CGU. Goodwill impairment losses are recognized on the income statement under "Assets impairment" and cannot be reversed.

Whenever an operating subsidiary identifies an impairment loss on a CGU recognized within its scope of consolidation (and not recognized at the level of the Wendel Group), this loss is maintained at the level of Wendel's consolidation, with this being the case even if the analysis conducted by Wendel on the subsidiary's goodwill does not show any impairment. This stance has been taken to allow Wendel to recognize unrealized losses as soon as they appear, as they would inevitably be recognized anyway if the subsidiary were to sell the CGU showing such losses.

Goodwill pertaining to equity-method investments is included in the carrying amount of these companies and therefore not presented separately (IAS 28 "Investments in Associates and Joint Ventures", s.23). It is therefore not subject to a separate impairment test, as the value of equity-method investments is subject to a separate test, goodwill included. Hence, as regards equity-method shareholdings, in the event of an improvement in their value justifying an impairment writeback, the portion of the impairment pertaining to goodwill is also written back. Impairment losses and the gain or loss on divestments and dilution are recognized in the income statement under "Net income from equity-method investments".

Impairment tests on goodwill and equity-method investments are described in notes 7 "Goodwill" and 10 "Equity-method investments".

Note 1-9.2 Intangible assets

1. Brands of the Bureau Veritas, Cromology and Tsebo groups

These brands have been valued using the relief-from-royalty approach, which consists in discounting to perpetuity royalty cash flows determined at a theoretical rate based on net sales generated by the brands. The brands are considered as having an indefinite useful life as there is no foreseeable time limit on their potential to generate cash flow. They are therefore not amortized but are tested for impairment on an annual basis.

The brands of the Bureau Veritas Group's subsidiaries have been amortized over a period of 5-15 years. Only those brands identified at the Wendel Group level when Wendel acquired control of Bureau Veritas are considered to have an indefinite life.

2. Contracts and customer relationships of the Bureau Veritas, Constantia Flexibles, Cromology, Stahl and Tsebo groups

The valuation of these contracts and customer relationships equals the margin expected to be generated over the residual lives of contracts in force at the date Wendel assumed control, taking into account contract renewal rates where such renewals are considered probable based on historical statistical data. These contracts and client relationships are amortized over the period used for the calculation of each contract category (from 5 to 23 years, depending on the contract and subsidiary).

Note 1-9.3 Other intangible assets

The cost of developing software intended for internal use and other development costs have been capitalized when it is likely that these expenditures will generate future economic benefits. These costs are then amortized over the asset's estimated useful life.

Note 1-9.4 Property, plant & equipment

Property, plant & equipment are recognized at their historical cost, determined at the time of acquisition of these assets or at fair value in the event of a business combination. Historical cost includes all costs directly attributable to the acquisition or construction of the assets concerned, in particular borrowing costs that are directly attributable to the acquisition or production of the property, plant & equipment during the accounting period prior to being brought into service.

Property, plant & equipment other than land and investment properties are depreciated on a straight-line basis over a period corresponding to their probable useful life. The depreciation basis for property, plant & equipment is its historical cost less the residual value, *i.e.* the value expected at the end of the asset's useful life, after allowing for any divestment costs.

The useful life duration utilized for buildings is from 10 to 50 years; and, from 3 to 10 years, for industrial facilities as well as for equipment and tooling.

Note 1-9.5 Leases

See note 1-1 about the approach taken to the application of IFRS 16 since January 1, 2019.

Note 1-9.6 Depreciation and amortization of fixed assets

In accordance with IAS 36 "Impairment of assets", the value in use of property, plant & equipment, and intangible assets is tested when there is an indication of impairment. These tests are performed either when there is an indication of a loss of value, or once a year for assets having indefinite useful lives, which in Wendel's case is limited to goodwill and brands. Impairment losses are recognized on the income statement under "Assets impairment".

Note 1-9.7 Financial assets and liabilities

Financial assets include investments in unconsolidated companies, operating receivables, debt securities, marketable securities, derivatives, and cash. Financial liabilities include borrowings, other funding sources and bank overdrafts, derivatives, operating liabilities, and certain liquidity commitments on the Group's shares held by certain co-shareholders (see note 34-5 "Shareholder agreements and co-investment mechanisms").

In accordance with the principles of IFRS 9 "Financial Instruments", financial assets are recognized and measured either at fair value through profit or loss, at fair value through other comprehensive income or at amortized cost. The classification and measurement are based on the characteristics of the instrument and the management objective for which the relevant assets were acquired.

1. Financial assets at fair value through profit or loss

Equity instruments held for trading purposes or for which the Group has elected not to use the "fair value through other comprehensive income" classification are measured at fair value through profit or loss.

2. Financial assets at fair value through other comprehensive income

IFRS 9 permits the irrevocable election at initial recognition to present changes in the fair value of an equity instrument not held for trading through other comprehensive income. The choice is made for each individual instrument and for each new acquisition depending on the Group's management intention.

Equity instruments recognized in this account include strategic and non-strategic investments.

At initial recognition, these assets are measured at fair value, which generally corresponds to their acquisition cost plus transaction costs. At closing dates, for publicly traded instruments, the fair value is determined based on the share price on the closing date. For unlisted securities, fair value is measured using valuation models based primarily on the most recent market transactions, discounted dividend or cash flow streams, or the value of net assets.

Unrealized gains and losses on these financial assets are recognized directly in equity until the financial asset is sold or cashed in, at which time the accumulated gain or loss is transferred to consolidation reserves and is not reclassified in the income statement. Dividends from such investments are recognized in profit or loss unless the dividend clearly represents the recovery of a portion of the investment cost.

3. Financial assets measured at amortized cost

Financial assets are measured at amortized cost if they are held solely with a view to collecting contractual cash flows serving to repay principal and meet interest payments on the outstanding principal.

They consist of loans and receivables related to investments, deposits and guarantees, trade receivables and other current receivables. These financial assets are shown in the balance sheet under "Non-current financial assets", "Trade receivables" and "Other current financial assets". They are initially recognized at fair value and then at amortized cost calculated using the effective interest rate method. Net gains and losses on loans and receivables correspond to interest income and provisions.

4. Financial liabilities

With the exception of derivative instruments and financial liabilities relating to liquidity commitments on the Group's shares held by certain co-shareholders (see note 34-5 "Shareholder agreements and co-investment mechanisms"), all borrowings and other financial liabilities are stated at amortized cost using the effective interest rate method.

5. Derivatives

Derivatives are measured at fair value. Gains and losses arising from changes in the fair value of derivatives are recognized in the income statement, apart from certain exceptions set out below.

Derivatives can be designated as hedges of fair value, future cash flow or net investment value:

- fair value hedges are used to offset changes in the fair value of a recognized asset or liability due to shifts in exchange rates, interest rates or other benchmarks;
- cash flow hedges are used to hedge changes in future cash flows from a present or future asset or liability. Wendel and its subsidiaries use cash flow hedges to offset shifts in foreign exchange rates, interest rates and commodity prices;
- hedges of net investments in operations in a foreign market help offset fluctuations in value due to translation into the reporting currency used by the parent company in its consolidated financial statements. Financial debt denominated in the operating currency of the hedged investment can be designated as an investment hedge when the hedge has been recognized as such for accounting purposes.

A hedging relationship qualifies for hedge accounting if:

- the hedging relationship is clearly defined and documented at the inception; and if
- the effectiveness of the hedging relationship can be demonstrated from the outset and throughout its term.

The use of hedge accounting has the following consequences:

- for hedges used to offset changes in the fair value of a recognized asset or liability, the hedged item is measured at fair value in the balance sheet. Changes in the fair value of the hedged item are recognized on the income statement and are offset by symmetrical changes in the fair value of the hedging instrument to the extent that the hedge is effective;
- the effective portion of changes in the fair value of derivatives that are designated as, and qualify for, cash flow hedges is recognized directly in shareholders' equity. The gain or loss from the ineffective portion is recognized on the income statement. Amounts accumulated in shareholders' equity are passed through the income statement in the same periods as the corresponding hedged items, or are written back against the acquisition cost of the assets in which the financial risk related to the acquisition price was hedged;

- in a similar way to cash flow hedges, changes in the fair value of the derivative financial instrument are recognized net of tax in other comprehensive income for the effective portion attributable to the hedged currency risk and in profit or loss for the ineffective portion of the derivative. Cumulative gains and losses in shareholders' equity are recognized on the income statement when the foreign business is sold.

Derivatives are measured using the Group's mathematical models, as well as by independent appraisers, and/or the Group's counterparties.

Note 1-9.8 Methods of measuring the fair value of financial instruments

In accordance with the amendment to IFRS 7 "Financial instruments: Disclosures" (March 2009), the tables in note 13 "Financial assets and liabilities" present the Group's assets and liabilities that are measured at fair value, based on their method of measurement. These methods are defined as follows:

- level 1: unadjusted, listed prices of identical instruments on an active market;
- level 2: observable data other than the listed prices referred to in level 1, either directly (such as a price), or indirectly (calculated from another price);
- level 3: fair values that are not determined on the basis of observable market data.

During fiscal year 2019, there were no transfers between levels 1 and 2, or transfers to or from level 3, of fair value measurements of financial instruments.

Note 1-9.9 Inventories

Inventories have been stated at the lower of cost or net realizable value. Production cost includes the costs of raw materials, direct labor, and any operating costs that can reasonably be associated with production.

Note 1-9.10 Cash and cash equivalents and pledged cash and cash equivalents accounts

Cash is comprised of cash at banks.

In accordance with IAS 7 "Statement of cash flows", cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash, subject to an insignificant risk of a change in value and intended to cope with short-term cash needs. Cash equivalents include euro-denominated, money-market mutual funds and deposit accounts with initial maturities less than or equal to three months. They are measured at their fair value at the balance sheet date.

Pledged cash and cash equivalents are presented as non-current assets, as they are not immediately available.

Note 1-9.11 Provisions

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is recognized when the Group has an obligation with respect to a third party as a result of a past event for which it is probable or certain that there will be an outflow of resources to that third party, without at least an equivalent inflow from that third party. Provisions for restructuring costs are recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed, formal plan.

Provisions are discounted on the basis of the estimated duration of the obligation. The impact of this discounting is recalculated at each balance sheet date, and the related adjustment is recognized on the income statement under "Other financial income and expense".

Note 1-9.12 Provisions for employee benefits

Defined-contribution plans: contributions are recognized as operating expenses.

Defined-benefit plans: the present value of statutory retirement bonuses and supplementary pension benefits payable to active and retired employees is calculated using the projected unit credit method. The obligation is determined at each balance sheet date taking into account the age of the Company's employees, their length of service, and the likelihood that they will remain at the Company until they retire. The calculation is based on an actuarial method using assumptions relating to the yield on long-term investments. The funding provision corresponds to the difference between the total obligation as set out above and any assets invested with insurance companies to cover these obligations.

Actuarial gains and losses are recorded under shareholders' equity as soon as they are recognized.

Note 1-9.13 Deferred taxes

In accordance with IAS 12 "Income taxes", deferred taxes are recognized for timing differences between the carrying amounts of assets and liabilities and their tax base.

Tax-loss carryforwards are recognized as deferred tax assets when it is likely that they can be offset against tax on future earnings or when they can be offset by deferred tax liabilities of an equal or higher amount. In application of this principle, no tax-loss carryforwards of the Wendel tax group were recognized as assets on the balance sheet.

Regarding subsidiaries and equity-method investments, a deferred tax liability is recognized for all timing differences between the carrying amount of the related shares and their tax base, unless:

- if the Group is able to control the date of the reversal of the timing difference;
- it is probable that the timing difference will not reverse itself in the foreseeable future.

Deferred taxes are recorded using the liability method. According to this method the assets and liabilities of deferred taxes are recognized according to their estimated future tax impact resulting from discrepancies between the book value of the assets and liabilities existing in the consolidated financial statements and their respective tax base. Deferred tax assets and liabilities are valued by applying the tax rate that will be in effect during the year in which temporary differences are expected to be recovered or settled. The effect of any change in tax rates on deferred tax assets and liabilities is recognized in income for the period in which the rate changes apply.

Note 1-9.14 Treasury shares

All treasury shares held by the Group are stated at their acquisition cost as a deduction from shareholders' equity. Proceeds from any sales of treasury shares are credited directly to shareholders' equity. Divestment gains or losses therefore have no impact on income for the fiscal year.

Note 1-9.15 Non-current assets held for sale and discontinued operations

An asset or group of assets is classified as held for sale if its carrying amount will be recovered mainly through a sale transaction rather than through continued use, and when its sale is highly probable. Depreciation on these assets ceases when the asset has been classified as held for sale, and a provision is recognized if the asset's residual carrying amount exceeds its likely realizable value, reduced for selling costs.

A business is considered as discontinued operations when it meets the criteria of assets held for sale. Assets and liabilities of these businesses are presented on a separate line in the balance sheet of the current fiscal year, and the net income or loss they generate is presented on a separate line in the income statement (including fiscal years presented for comparison). Net income or loss from discontinued operations includes, where applicable, any divestment gains or losses or any impairment losses recognized for the business.

Note 1-9.16 Revenue recognition

The recognition of revenue from contracts with customers reflects both the percentage of completion of the performance obligations corresponding to the transfer to a customer of control of a good or service and the amount that reflects the sum that the entity expects to receive as consideration for those goods or services.

At the Bureau Veritas Group, most contracts are short-term. For these contracts, Bureau Veritas recognizes income when the service has been provided to the customer. For other contracts, Bureau Veritas uses the percentage-of-completion method to determine the amount to be recognized under net sales during a given period, insofar as the income from contracts can be reliably determined. The percentage of completion is determined for each contract by reference to the costs incurred at the balance sheet date, compared to the total estimated costs to execute the entire contract. The increment of this percentage, applied to the total forecast income from the contract, represents the profit margin recognized in the period. In the event of a forecast negative margin, provisions are recognized immediately for the entire contract.

Note 1-9.17 Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated into euros using the exchange rates prevailing at the dates of the transactions. Receivables and payables in foreign currencies are translated into euros at the exchange rate prevailing at the balance sheet date. Exchange differences resulting from the translation of receivables and payables in currencies other than euros are recognized on the income statement under "Other financial income and expenses".

In the event of hedges of a net investment in a foreign business (see above, "Derivatives"), the portion of the gain or loss on a hedging instrument covering a net investment in a foreign business that is considered to be an effective hedge is recognized directly in shareholders' equity. The ineffective portion is immediately recognized on the income statement.

Note 1-9.18 Stock subscription and stock purchase option plans

In accordance with IFRS 2 "Share-based payments", the Group recognizes an expense corresponding to the fair value of employee stock subscription options, purchase options, bonus shares, and performance shares at the grant date, with the corresponding offsetting entry being recognized under consolidated shareholders' equity. The expense is spread out over the options' vesting period.

In 2019, as in previous fiscal years, Wendel's plans were valued by an independent appraiser.

Note 1-9.19 Accounting treatment of mechanisms for the participation of management teams in the Group's investments

The co-investment mechanisms described in note 4 "Participation of managers in Group investments" take the form of ownership by managers of various financial instruments, such as ordinary shares, index-based or preferred shares, warrants, etc.

These investments are redeemed upon divestment or an IPO, or after a pre-determined period of time. At this time, the investment gains are shared on the basis of whether or not Wendel's annual performance and cumulative profitability objectives have been met.

These investments are measured and accounted for based on the manner in which they will be redeemed, either as equity instruments under a divestment or an IPO, or in cash as part of Wendel's liquidity commitment, after a pre-determined period has elapsed.

Until the settlement method is known, the investments are accounted for based on the settlement method determined as most likely.

When it is estimated the investments are most likely to be redeemed as equity instruments, the managers' initial investment is accounted for as non-controlling interests in proportion to their share of the total investment. On redemption, the dilution created by the sharing of the investments' value reduces Wendel's capital gain. When the beneficiaries invest less than the fair value of the instruments subscribed or acquired, the initial benefit is recognized as an expense in the income statement.

When the investments are most likely to be redeemed in cash, under Wendel's repurchase commitments after the expiration of a pre-determined period, the initial investment is recognized as debt. This debt is later restated at its fair value until payment is made. The change in fair value is recognized on the income statement. When the investment is redeemed, the debt is paid off in cash. In addition, these co-investors are not considered minority shareholders from an accounting standpoint. Rather, their investment is consolidated in the Group's net income and consolidated reserves.

The most likely redemption method is determined at each balance sheet date, until the investments are redeemed. Should the most likely method change, the effects of the change are recognized in advance on the income statement. Hence, if the most likely redemption method were to be changed to cash, the amount recognized on the income statement at the time of the change would be the fully revalued amount of the instruments at that date.

Wendel believes that, regarding the main co- investments in place in the Group as of December 31, 2019, the most likely outcome will be a divestment of the relevant investments or an IPO. Liquidity commitments under minority puts and co-investments, as well as the corresponding amounts recorded in financial liabilities, are set out in note 34-5 "Shareholder agreements and co-investment mechanisms".

Note 1-10 Presentation rules

Note 1-10.1 Presentation of the balance sheet

An asset is classified as current when it meets any of the four following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realized within 12 months after the balance sheet closing date; or
- it is cash or cash equivalent asset carrying no restriction on exchange or use in settlement of a liability for at least 12 months after the balance sheet date. When the asset is in a pledged cash or cash equivalent account, the amount is recognized under non-current assets.

A liability is classified as current when it meets any of the four following criteria:

- it is expected to be settled in the Group's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- the liability is due to be settled within 12 months after the balance sheet date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Note 1-10.2 Presentation of the income statement

"Operating income" includes income and expenses not resulting from financial activities, equity-method investments, discontinued activities, activities held for sale, and income tax.

Financial income and expenses include "Finance costs, net" and "Other financial income and expense", which include gains and losses on disposals of financial assets, impairment losses on financial assets, dividends paid by unconsolidated associates, changes in the fair value of "financial assets at fair value through profit or loss", the impact of discounting receivables, liabilities or provisions, and foreign exchange differences.

Income taxes: treatment of the CVAE tax

According to Wendel's analysis, the CVAE tax on value added meets the definition of an income tax, as defined in IAS 12.2 "Income taxes". IFRIC has effectively specified that in order to be included in the scope of IAS 12, a tax must be based on a net amount of income and expenses and this amount may be different from net accounting income. Wendel finds that the CVAE has the characteristics indicated in this conclusion, inasmuch as the value added constitutes the intermediate level of profit systematically used, in accordance with French tax rules, to determine the amount due under the CVAE.

The CVAE tax is therefore presented in the "Tax expense" line.

Note 1-10.3 Earnings per share

Basic earnings per share are calculated by dividing the Group's share of net income for the year by the average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing the Group's share of net income by the average number of shares outstanding during the year, adjusted according to the "treasury stock" method. According to that method, it is assumed that the cash received from the exercise of dilutive instruments will be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact. Dilutive instruments issued by subsidiaries are also included in determining the Group share of net income.

If the income statement presents income from divested businesses separately, earnings per share from continuing and discontinued operations are also presented separately.

NOTE 2 Changes in scope of consolidation

Note 2-1 Changes in consolidation scope in 2019

The scope of consolidation of Wendel Group is set out in note 38 "List of principal consolidated companies as of December 31, 2019."

Note 2-1.1 Sale of the investment in PlaYce

In February 2019, Wendel sold its investment in PlaYce, with net proceeds from the sale totaling €32.2 million. The investment has been classified as assets held for sale at December 31, 2018. A capital gain of €7.4 million was recognized on the income statement as net income from discontinued operations.

Note 2-1.2 Sale of the investment in Saint-Gobain

In 2019, the investment in Saint-Gobain was sold for €468 million (14.1 million shares sold). At December 31, 2019 only one residual equity investment remained, of approximately €1 million (30,000 shares).

In 2018, this investment was classified under financial assets recognized at fair value, changes in which are recognized in shareholders' equity in accordance with the Group's accounting principles and IFRS 9 "Financial Instruments". The gain on disposal for the period is therefore recognized in consolidated equity in the amount of €56.4 million; cumulative changes in fair value recognized in consolidated reserves on this investment are not reclassified to the income statement.

Note 2-1.3 Bureau Veritas dividend paid in shares

In 2019, Bureau Veritas paid a dividend of €0.56 per share in respect of the 2018 financial year, with the option for shareholders to receive the payment in cash or in new shares. The issue price of the new shares tendered to pay the dividend was set at €19.13, giving rise to the creation of 9,943,269 Bureau Veritas shares, while the payment of the dividend in cash amounted to €54 million.

The Wendel Group chose to pay the dividend in shares rather than the cash dividend of €87.5 million for its share. In this way the Group supported the strategy of this investment.

The Group now holds 160,826,908 Bureau Veritas shares. Wendel's percentage interest accordingly rose from 35.8% to 35.9% (net of treasury shares), with the percentage of its voting rights dropping slightly from 51.9% to 51.8%. Exclusive control of Bureau Veritas has thus been maintained, and that group remains fully consolidated.

In accordance with IFRS 3 revised "Business Combinations", the impacts of this transaction and other transactions in the equity and treasury stock of Bureau Veritas were recognized in consolidated shareholders' equity as transactions among shareholders totaling negative €12 million.

Note 2-1.4 Cromology capital increase

In 2019, Wendel put €125 million into the financial restructuring of Cromology (see note 16 "Financial debt of operating subsidiaries – documentation and covenants").

In accordance with the Group's policy of giving the managers of investments a stake in their value creation, Cromology's management invested some €5 million alongside Wendel.

In addition, the former structure in which the investment was held (Materis) was restructured and eliminated. The minority shareholders of that former structure were invited to reinvest in Cromology at the same percentage ownership. Some did so, in the amount of €0.3 million.

At the conclusion of these transactions the Group held 95.98% of the equity in this investment and kept sole control.

Moreover, the net impact of the final unwinding of the co-investment of Materis' former managers was recognized in net financial income on the income statement.

Note 2-1.5 Disposal of 79% of the investment in Allied Universal

In February 2019, Wendel and its co-shareholders entered into an agreement with Caisse de Dépôt et Placement du Québec for the sale of approximately 40% of their investment in Allied Universal. This portion of the investment had thus been classified in "Assets held for sale" (IFRS 5) at the end of 2018.

The disposal was finally extended to 79% of the investment in 2019 and effected in December 2019 with net proceeds of $738 million, of which $20 million was paid in 2020. The residual investment therefore was about 6% of that company's equity, and the Group does not exercise significant influence over it. The residual investment is consequently no longer recognized in equity method companies but in financial assets at fair value. In accordance with the opinion offered by IFRS 9 "Financial instruments", the changes in fair value will be carried in consolidated reserves and not recycled in income when the sale occurs. The fair value used for this investment at December 31, 2019 equaled the sale price.

In accordance with the IFRS accounting standards, the transaction is shown in the Wendel consolidated financial statements through the recognition of an accounting capital gain of €644.2 million, which covers the entire investment including the residual portion that has not been sold. That amount is carried on the line "Net income from discontinued operations" (IFRS 5).

Note 2-1.6 Acquisition of Crisis Prevention Institute ("CPI")

On December 23, 2019 Wendel completed the acquisition of Crisis Prevention Institute ("CPI") for an enterprise value of $910 million. As part of the Transaction, Wendel made an equity investment of approximately $572 million, for a c. 96.34% ownership interest in the Company, alongside CPI's management team and certain other minority investors. The Wendel Group exercises exclusive control over this company, which is fully consolidated.

This American company (based in Milwaukee, Wisconsin) is the leader in the United States in training services in behavior management and crisis prevention. It mainly serves professionals in the healthcare and education fields. It has expanded internationally in recent years and today generates 20% of its revenue outside the United States, principally in Canada, the United Kingdom, Australia and New Zealand.

Its 2019 revenue was $87.7 million with an EBITDA of $38.9 million (in US GAAP, and excluding non-recurring items – unaudited).

The acquisition financing was structured as follows:

From Wendel	$571.9 million
From minority investors	$21.7 million
Bank loans	$335.0 million
Cash in CPI	$1.3 million
Total	$929.9 million

These funds were used for:

Acquisition of stock	$591.0 million
Expenses	$27.6 million
Bank refinancing	$311.2 million
Total	$929.9 million

The provisional goodwill recognized upon acquisition of equity was $895.9 million:

Goodwill	$895.7 million
Non-current assets	$11.2 million
Financial debt	$-332.6 million
Other balance sheet items (net)	$16.7 million
Acquisition of stock	$591.0 million

The goodwill allocation will be finalized within 12 months of the acquisition, in accordance with the IFRS.

Note 2-1.7 Tsebo capital increase

Given the difficult business environment faced by Tsebo in South Africa, the shareholders re-invested a total of $22 million in this holding in 2019, including $14.5 million from the Wendel Group. The Group's sole control of this company remains unchanged. In addition, the shareholders also invested $5 million to finance an acquisition by Tsebo in Egypt (including $1.6 million by Wendel).

Note 2-1.8 Principal changes in scope of consolidation of subsidiaries and associates

1. Changes in scope of consolidation of the Bureau Veritas group

During 2019, Bureau Veritas carried out the following acquisitions:

- Capital Energy, a French company that manages energy savings certificates;
- Owen Group, a regional leader in building and infrastructure compliance services in the United States; and
- ShenzenTotal-Test Technology, a Chinese company specializing in food analysis.

The price of businesses acquired in 2019 was €56.6 million; and the total corresponding goodwill was €26 million, of which €13.5 million represented Capital Energy. The 2019 annual net sales of the companies acquired in 2019 is €71.4 million and the operating income before amortization of intangible assets resulting from the business combination is approximately €10.2 million.

Additionally, Bureau Veritas effected the following disposals:

- sale of its healthcare, safety and environmental consulting business in North America (HSE Consulting);
- sale of the Japanese company Japan Analysts specializing in analysis of lubricants; and
- sale of its local government services business to the Benin authorities.

2. Changes in scope of consolidation of the Constantia Flexibles group

In July 2019, Constantia Flexibles sold its stake in Multi-Color Corporation for a total of €148 million. As this amount equals the carrying amount of that investment at the start of the financial year, there is no material impact on the 2019 Wendel financial statements.

Also, the Constantia Flexibles Group acquired Constantia TT and recognized goodwill of €3.3 million on that company.

3. Change in the Tsebo scope of consolidation

In February 2019, the Tsebo Group acquired an Egyptian catering company. Goodwill recognized was $3 million.

Note 2-1.9 Changes in consolidation scope in 2018

The principal changes in scope during 2018 were as follows:

- the disposal of the investment in Saham Group for a selling price of $155 million, or €133 million. Under the terms of this sale, Wendel benefits until October 11, 2020 from an earn-out equivalent to 13.3% of capital gains on any disposal of the remaining businesses of Saham Group (Customer relationship centers, Real estate, Healthcare and Education) at a valuation greater than certain predefined thresholds;
- the sale of CSP Technologies for a net cash amount of $342 million, or €303 million (for 100% of the equity);
- the sale of Mecatherm for a net of €88 million (for 100% of the equity);
- the sale of Nippon Oil Pump Co, Ltd. for a net of ¥12,000 million or €92 million (for 100% of the equity);
- the sale of a 4.73% stake in Bureau Veritas for €400 million. Notwithstanding the sale, Wendel still exercises exclusive control over the Bureau Veritas group, and the Corporate governance structure is unchanged. The profit from this sale was €301.9 million and was recognized in changes in equity as per accounting standards; and
- the purchase of 4.8% of Stahl from its co-shareholder Clariant for €50 million.

NOTE 3 Related parties

The Wendel Group's related parties are:

- Allied Universal, which was equity-accounted until its sale in December 2019;
- IHS, which is equity-accounted;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

Note 3-1 Members of the Supervisory Board and Executive Board

Compensation paid by Wendel for 2019 to the Chairman of the Executive Board and the successive members of the Executive Board over their respective terms of office was €4,957.9 thousand, this amount relates to André François-Poncet and Bernard Gautier for a full year, and David Darmon from September 9, 2019. The value of the stock options and performance shares granted to them in 2019 was €4,791 thousand as of their grant date, it being noted that David Darmon received no options or performance shares during his term of office since he was appointed in September.

Compensation paid to members of the Supervisory Board in 2019 was €1,221 thousand, including €1,161 thousand by Wendel SE (i) in consideration of service by members of the Supervisory Board, (ii) as compensation of the Chairman of the Supervisory Board, and (iii) as compensation of the lead independent member of the Supervisory Board and €60 thousand paid to certain members of the Supervisory Board by Wendel-Participations SE for serving on its Board of Directors. These amounts do not include the salary of the employee representative on Wendel's Supervisory Board, who does not receive Wendel SE director's fees.

The Company's obligations to André François-Poncet in the event of his departure, provided the performance conditions are met, are as follows:

- in the event of his removal from office not on grounds of failure, for each month of service, to benefits equal to his monthly fixed compensation at the time of termination, up to a maximum of 24 months' fixed compensation; and
- in the event of his resignation or removal from office following the loss of control by Wendel-Participations SE of Wendel voting rights, 36 months' fixed compensation as existing at the time of departure.

The Company's obligations to David Darmon, member of the Executive Board, in the event of his departure (provided the performance conditions are met) are as follows:

- in the event his position is terminated (not on grounds of failure), a payment equal to the gross fixed monthly compensation times the number of months of service on the Executive Board, in no case to exceed 18 months of fixed compensation;
- in the event his employment contract is terminated, the payments due by law and agreement under said employment contract, with the provision that the total payments made to Mr. Darmon for his service as a corporate officer and under his employment contract may not exceed 18 months of fixed and variable compensation.

As part of the termination of his corporate office as a member of the Executive Board and of the termination of his employment contract, the total amount paid by the Company to Bernard Gautier as severance pay amounted to €3,474,666. The Company also paid €132,000 as part of a transactional indemnity.

In accordance with Wendel's policy of associating managers with the Group's investments, the management team takes part in the co-investment mechanisms described in note 4-1 "Participation of managers in Group investments".

Note 3-2 Wendel-Participations

Wendel-Participations is owned by over 1,170 Wendel family individuals and legal entities. Wendel-Participations investors together held a 39.06% stake in Wendel SE as of December 31, 2019, representing 52.16% of voting rights exercisable and 51.46% of the theoretical voting rights.

There are no other economic or financial relationships between Wendel-Participations and Wendel besides those related to the holding of shares and the following agreements:

- a service delivery agreement entered into for the implementation of the provisions of the Sapin 2 Law on the prevention of corruption and for the implementation of CBCR reporting;
- a memorandum of understanding on the use of the "Wendel" family name and a license agreement governing the use of the "WENDEL Investissement" brand; and
- agreements providing administrative assistance and property leasing to Wendel-Participations.

NOTE 4 Participation of managers in Group investments

The accounting principles applied to co-investment mechanisms are described in note 1-9.19 "Accounting treatment of mechanisms for the participation of management teams in the Group's investments".

Note 4-1 Participation of Wendel's managers in Group investments

To give its managers a stake in the Group's value creation, Wendel has set up co-investment programs to allow them to invest their personal funds in the same assets in which the Group invests. This gives managers a personal stake in the risks and rewards of these investments. Several programs co-exist, depending on the date of Wendel's initial investment. Certain rules are common to all programs:

i) the amount of the co-investment is no more than 0.5% of the amount invested by Wendel and the managers; the co-investments correspond to the disbursements made by each manager and are concurrent with the Wendel investments;

ii) if a liquidity event (as defined in paragraph (iii) below) occurs, the managers have, depending on the particular case, either the same rights and obligations as the Wendel Group in relation to the capital gain or loss incurred (*pari passu* co-investment), or different rights and obligations (accelerated co-investment). In the latter case, if Wendel achieves a predefined return, the managers have the right to a greater share of the gain than their shareholding;

iii) a liquidity event is defined, per the different programs, as a full divestment of a portfolio company, a change in control, or divestment of more than 50% of the shares held by the Wendel Group, or the listing of the Company concerned on a stock exchange. The liquidity extended to co-investors may be either the total amount or an amount proportional to the investment sold;

iv) in the absence of a liquidity event before the end of the co-investment program (five to twelve years after the initial investment), a cash payout is offered to co-investors, in one or more tranches. The valuation of the portfolio company is systematically performed by an internationally renowned independent expert, and managers' rights and obligations are calculated in accordance with the rules set out in paragraph (ii) above;

v) co-investors' rights vest gradually over a period of several years. In the event of their departure before a liquidity event or, in the absence of such event, before the end of the program, the managers must sell (or in certain cases have the option to sell) their unvested rights to the Wendel Group at its request and at their initial value, and, in certain cases, their vested rights, under predetermined financial conditions; cases of departure are governed by symmetrical purchase and sale undertakings.

In addition, co-investments deriving from small investments can be aggregated and paid up at the end of the year. Accordingly, payment of co-investments that together represent less than €100,000 for all managers (corresponding to Wendel investments of less than €20 million) can be deferred until a cumulative threshold of €250,000 is reached. If this threshold is not reached at least once a year, payment must nevertheless be made.

2011-12 program

Co-investments related to acquisitions made by Wendel between 2011 and 2012 (and to potential subsequent reinvestments made by Wendel in these companies) are therefore governed by the principles set out at the beginning of note 4-1 and by the following specific rules:

i) 30% of the amount invested by the co-investors is invested under the same terms and conditions as Wendel (*pari passu* co-investment);

ii) the remaining 70% confer a right, if a liquidity event occurs, to 7% of the capital gain (carried interest), provided that Wendel has obtained a minimum return of 7% per annum and a cumulative return of 40% on its investment; otherwise, the co-investors lose any right to a capital gain, as well as the amount invested, on this fraction of co-investment;

iii) if Wendel has not fully divested the Company in question or listed it on a stock exchange, a three-stage payment is offered to the co-investors within a period of eight years after the Wendel Group's initial investment: the potential capital gain is then generated on one-third of the sums invested by the co-investors; the same applies after 10 years, then 12 years, if no total sale or IPO has taken place in the meantime;

iv) the rights of co-investors vest gradually over a period of four years, in five tranches of 20% per annum, of which 20% at the investment date.

Under these principles, the managers invested personally alongside Wendel in Parcours, Mecatherm, and IHS. These co-investments were made through a Luxembourg venture capital company, Oranje-Nassau Développement SA SICAR, which was incorporated in 2011 and turned into a Reserved Alternative Investment Fund (RAIF) at the end of 2019.

The co-investments in Parcours and Mecatherm were unwound following the sale of those companies at the end of 2016 and 2018 respectively.

The co-investment in IHS remains in effect. At the end of 2019, as part of a marginal reinvestment made by Wendel in IHS, Mr. David Darmon, member of the Management Board, reinvested €2 thousand.

2013-17 program

The co-investment mechanism was amended in 2013, on the initiative of the Supervisory Board, in order to introduce a pooled share and, in certain cases, to raise the Group's minimum return condition. These amendments were set for the four years of the Executive Board's term. Co-investments related to acquisitions made by Wendel in new companies between April 2013 and April 2017 are therefore governed by the principles set out at the beginning of note 4-1 and by the following specific rules:

i) 35% of the amount co-invested gives the right, if a liquidity event occurs, to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return is at least 10% per annum (carried interest deal by deal); if this return is not achieved, the co-investors lose any right to a gain on 35% of their investment, as well as 35% of the amount invested; a three-stage payment determined by an expert is offered to co-investors 8, 10 and 12 years after Wendel's initial investment in the absence of a total sale or IPO (see 2011-12 program);

ii) 35% of the amount co-invested gives the right to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return, calculated for all of these investments as a whole, is at least 7% per annum (pooled carried interest); if this return is not achieved, the co-investors lose any right to a gain on 35% of their investment, as well as 35% of the amount invested; in the absence of a total sale or IPO, the pooled potential capital gain will be allocated equally in 2024 and 2025 (the investments remaining in the portfolio being valued by an independent expert in every case);

iii) the remaining 30% is co-invested *pari passu* with Wendel, 15% on a deal-by-deal basis, and 15% on a pooled basis;

iv) as the co-investors freely agreed to participate in the 2013-17 co-investment program for a certain proportion of total co-investments, they are required to invest at this level in all of the investments of the period with respect to the pooled portion (carried interest and *pari passu*); failing which, the co-investor concerned loses all of his/her rights to the pooled capital gain for the non-invested portion and his/her previous investment, except for cases of force majeure where the co-investor will simply be diluted;

v) co-investors who have met their commitment to co-invest in the pooled portion may invest the same amount on a deal-by-deal basis (carried interest and *pari passu*), without obligation.

vi) the rights of co-investors vest gradually over a period of four years, in five tranches of 20% per annum, of which 20% at the investment date; it should be noted that, for pooled carried interest rights, the term is calculated from the first investment of the period.

In addition, the share of the Executive Board's co-investment has been fixed at one-third of the total co-investment, comprising 60% and 40%, respectively, from the former Chairman and the former member of the Executive Board.

In accordance with these principles, Wendel's managers have invested in a personal capacity along with the Group in Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo. These co-investments were made through two Luxembourg venture capital companies, which were incorporated in 2013 and turned into Reserved Alternative Investment Funds (RAIF) at the end of 2019. The first fund, Expansion 17 SCA FIAR, is the structure used for co-investments on a deal-by-deal basis and is divided into as many sub-funds as investments. The second fund, Global Performance 17 SCA FIAR, is used for pooled co-investments, which are grouped into a single sub-fund for all investments for the period 2013-17.

Co-investments are made in euros. In the case of foreign currency investments, the euro exchange rate is adjusted to that applying on the day of the capital increase of the funds, taking into account any exchange rate hedges.

In 2018, co-investments in Saham, Nippon Oil Pump and CSP Technologies were unwound as a result of the disposals of those three companies (see 2018 Registration Document, pp. 301-302). As of December 31, 2018, financial liabilities had been recognized in respect of the settlement of the deal-by-deal co-investments. A provision has also been recognized for the contribution of these three shareholdings to the value paid to managers in respect of the pooled co-investments.

In December 2019, the co-investment in Allied Universal was partially unwound as a result of the sale by Wendel of 79% of its interest in this company for $719 million (NB: this amount does not include the residual portion of the sale proceeds received in January 2020). In accordance with the rules of the 2013-17 program, this sale constituted a liquidity event and gave rise to partial liquidity in proportion to the interest sold:

- regarding the pooled portion of the co-investment in Allied Universal:
  - for the *pari passu* portion, the co-investors (including Mr. David Darmon, member of the Management Board), will receive in the course of 2020 the reimbursement of their contributions and their share of capital gains in proportion to their stake in the capital, and

- for the carried interest portion, the result of this sale will be taken into account to calculate, at the end of the program and for all investments over the period, the overall return and, where applicable, the capital gain accruing to the co-investors;

- for the deal-by-deal portion of the co-investment in Allied Universal, as the partial disposal has achieved the minimum expected return, the co-investors are entitled to receive, at the end of a five-year lock-up period from their initial investment, approximately €11.2 million, including €1.4 million for Mr. David Darmon.

In December 2019, the Wendel Group and the co-investors made a marginal reinvestment in Tsebo. In this context, Mr. David Darmon, member of the Management Board, reinvested an amount of €1.3 thousand.

2018-21 program

In the absence of any investments made after April 2017, and with the arrival of a new Chairman of the Executive Board on January 1, 2018, a new co-investment program has been drafted for investments in new companies between 2018 and April 2021 (expiry date of the current term of office of the members of the Executive Board). It is governed by the principles set out in the preamble to note 4-1 and by the following special rules:

i) 20% of the total amount invested, if a liquidity event occurs, gives the right to 2% of the capital gain realized on each of the investments during the period, provided that Wendel's return is at least 8% (carried interest deal by deal);

ii) 80% of the total amount co-invested gives the right to 8% of the capital gain calculated on all investments made during the period, provided that Wendel's return, calculated on all of these investments, is at least 7% (pooled carried interest);

iii) in the absence of an event giving rise to total liquidity, liquidity for the balance will be offered to the co-investors in three tranches of one-third each in 2026, 2028 and 2030; a valuation will then be performed each time, if the shares are listed, on the basis of the share price of its shares, otherwise, on the basis of an independent appraisal;

iv) if a liquidity event occurs, the co-investors are entitled to the repayment of their contributions *pari passu* with Wendel and (a) if the minimum return is reached, to the share of the capital gain referred to in (i) or (ii) above, depending on the case, or (b) if that return is not achieved, their share of any capital gain *pari passu* with Wendel;

v) as the co-investors freely agreed to participate in the 2018-21 co-investment program in a certain proportion of total co-investments, they are required to invest at this level in all of the investments of the period with respect to the pooled portion (carried interest and *pari passu*); failing which, the co-investor concerned could lose all of his/her rights to the pooled capital gain for the non-invested portion and 20% of his/her previous investment, except for cases of force majeure where the co-investor will simply be diluted;

vi) co-investors who have met their commitment to co-invest in the pooled portion may invest their share on a deal-by-deal basis, without obligation;

vii) the rights of co-investors vest gradually over a minimum period of five years, in five tranches of 20% per annum, *i.e.* 20% on each anniversary date of the investment; it should be noted that, for pooled carried interest rights, the term is calculated from the first investment of the period.

In addition, the share of the Executive Board's co-investment initially set at 12.4% of the total co-investment (*i.e.* 4% for the Chairman of the Executive Board and 8.4% for the other member of the Executive Board), was revised downwards in 2019 when Mr. Bernard Gautier was replaced as a member of the Executive Board by Mr. David Darmon. It now stands at 10.7% (*i.e.* 4%, unchanged, for the Chairman of the Executive Board and 6.7% for the other member of the Executive Board). The breakdown of the Executive Board's co-investment remains fixed at 90% on a pooled basis and 10% on a deal-by-deal basis.

Co-investments are made in euros. In the case of foreign currency investments, the euro exchange rate is adjusted to that applying on the day of the SICARs' capital increase, taking into account any exchange rate hedges.

In accordance with these principles, Wendel's managers have invested in a personal capacity along with the Group in the Crisis Prevention Institute (CPI) in December 2019. This co-investment was made through, for the deal-by-deal, portion, the Expansion 17 SCA FIAR fund (one sub-fund for each investment) and, for the pooled portion, the Global Performance 17 SCA FIAR fund, which opened a second sub-fund for all investments for the period 2018-21. Within this framework, Mr. André François-Poncet, Chairman of the Executive Board, and Mr. David Darmon, member of the Executive Board, have respectively invested €106 thousand and €177 thousand in CPI, of which 90% in pooled funds and 10% on a deal-by-deal basis. Sophie Parise, member of the Supervisory Board representing the employees, invested €8,000, half on a pooled basis and half on a deal-by-deal basis. The difference between the fair value of the co-investment of the managers concerned and its subscription price amounts to €2.7 million; in accordance with the Group's accounting principles, this amount is recognized in the income statement over the vesting period.

Note 4-2 Participation of subsidiaries' managers in the performance of their companies

Various mechanisms exist in Wendel Group subsidiaries to allow senior managers to participate in the performance of each entity.

For listed subsidiaries (Bureau Veritas), these mechanisms comprise subscription and purchase type stock option plans, and performance share plans.

Moreover, for unlisted subsidiaries (Constantia Flexibles, Crisis Prevention Institute, Cromology, Stahl and Tsebo), the policy of giving managers a stake in the Company's performance is based on a co-investment system whereby managers co-invest significant amounts alongside Wendel. These investments present a risk for the co-investors/managers in that they run the risk of losing all or part of the significant sums they have invested, depending on the value of the investment at maturity.

These mechanisms are generally composed in part of a *pari passu* investment, which gives a return profile identical to that achieved by Wendel, and in part of a ratchet investment, which offers a gain profile differentiated according to performance criteria such as the Internal Rate of Return (IRR) achieved by Wendel. Accordingly, for this part, co-investor managers only receive a higher return than Wendel when Wendel has obtained a predefined return.

These co-investment mechanisms and the sharing of risk between Wendel and the manager co-investors are represented by a variety of financial instruments held by Wendel and the manager co-investors. These instruments include ordinary shares, index-based or preferential shares, fixed-rate bonds, warrants, etc. The ratchet portions may also be structured as bonus systems linked to the relevant entity's performance, or to the profitability of Wendel Group's investment in the entity.

These investments mature either when a liquidity event occurs (divestment or IPO) or, if no such event takes place, at a specific point in time (depending on the Company, between six and 12 years after the initial investment by Wendel).

In addition, the equity-accounted investments (Allied Universal and IHS) have also implemented co-investment schemes for managers or performance share plans and/or stock option plans that may have a dilutive effect on Wendel's ownership of those companies.

Note 4-3 Impact of co-investment mechanisms for Wendel

At the end of 2019, the dilutive impact of these co-investment mechanisms on Wendel's percentages of ownership in the stakes in question was between 0 and 9 percentage points. This calculation is based on the value of the stakes calculated for the Group's net asset value as of December 31, 2019.

NOTE 5 Managing financial risks

Note 5-1 "Equity" market risk management

Note 5-1.1 Value of investments

Wendel's assets are mainly investments in which it is the main or controlling shareholder. These assets are listed (Bureau Veritas) and unlisted (Constantia Flexibles, Cromology, Stahl, IHS, Allied Universal Tsebo and CPI).

The value of these investments is based mainly on:

- their economic and financial performance;
- their prospects for business development and profitability;
- their ability to identify risks and opportunities in their environment;
- equity market trends, directly in the case of listed companies and indirectly in the case of unlisted companies, whose valuations may be influenced by market parameters.

Beyond these market or external parameters, growth in Wendel's Net Asset Value (NAV, aggregate defined in the annual financial report) depends on its managers' capacity to select, buy, develop and then resell companies able to distinguish themselves as leaders in their sectors.

Wendel makes its decisions on the basis of its investment teams' expertise and in-depth strategic, accounting/financial, legal, tax and environmental analyses. These processes identify the operating, competitive, financial and legal opportunities and threats likely to have an impact on the value of an investment.

Wendel monitors and analyzes each company's operating and financial performance and the risks to which they are subject, alongside the managers of the companies, during regular in-depth Operational Review Meetings or meetings of these companies' governance entities. In addition, knowledge sharing with the management team makes it possible to develop true sectoral expertise and thus to prepare an analysis of future prospects at regular intervals. This regular review also enables Wendel to better analyze developments in each investment and play its role of principal shareholder.

Wendel's company-specific approach is supplemented at the Group level through an overall analysis of the distribution of Wendel's subsidiaries' businesses and investments by economic activity, in order to ensure sufficient diversification, not only sectorally, but also from the point of view of their competitive positioning and of the resilience of the companies to a deterioration in the economic climate.

Nevertheless, there is a risk that the subsidiary's economic results will not meet Wendel's expectations.

Additionally, the financial and debt structure of certain unlisted investments (Cromology, IHS, Allied Universal Tsebo and CPI) accentuates the valuation risk of these investments. While leverage makes high Internal Rates of Return (IRR) possible on these investments, it also exacerbates financial difficulties in the event of a significant slowdown in economic activity, by restricting the access of the companies in question to liquidity and by subjecting them to the risk that financial covenants will trigger accelerated maturity of their financial debt (see note 5-2 "Managing liquidity risk"). Moreover, the 2009 financial crisis has shown that banks' own difficulties (*e.g.* access to liquidity, prudential ratios) could make refinancing the debt of these companies more difficult. To prevent and manage the risk incurred by these companies' financial structure, cash flow and financial covenant forecasts are prepared regularly, based on various scenarios, in order to prepare, if necessary, targeted solutions to ensure their long-term survival and to create value. Moreover, Wendel and its subsidiaries are in close contact with bank lenders, in order to more effectively manage the restrictions on these financing agreements.

The value of these investments is therefore subject to the risk that their economic and financial performance and prospects for business development and profitability will be undermined by difficulties related to their organization, financial structure, economic sector and/or the global economic environment. The value of investments is also subject to financial market risk and equity market risk in particular. However, Wendel is a long-term shareholder with no short-term demands on the value of its assets at a specific point in time, even though it monitors NAV trends very closely.

Note 5-1.2 Equity market risk

As of December 31, 2019, equity market risk related chiefly to:

- consolidated and equity-method shares, whose "recoverable values" used for impairment tests are based on market parameters, including, and depending on the case, the discount rate used in calculating "value in use" or the market price used in calculating "fair value" (see impairment tests in note 7 "Goodwill");
- the investment in Allied Universal, which is classified as financial assets measured at fair value since the end of 2019 (see Note 2: "Changes in scope of consolidation"). Changes in fair value are recognized in shareholders' equity in accordance with the option offered by IFRS 9 "Financial Instruments"; they will not be recycled in the income statement, including on disposal. At December 31, 2019, the value of this investment amounted to €180.9 million (see note 13 "Financial assets and liabilities"). A +/-5% change in this value would have a +/- €9 million impact on shareholders' equity;
- investments by Wendel Lab, whose total value was €60.2 million at December 31, 2019. They are recognized at fair value, with changes recognized through profit or loss; a +/-5% variation in their value would therefore result in an impact of approximately +/-€3 million in net financial expense;
- minority buy-out commitments (minority puts) and liquidity commitments of co-investments granted by Wendel and its holding companies, which are recognized as financial liabilities. Their value is based on the fair value of the relevant investment, or, in other cases, determined by a contractual formula based on a fixed multiple of operating margin less net debt. As of December 31, 2019, the total of these financial liabilities was €276 million, including the minority put granted by Stahl on BASF's interest in that company (see note 13 "Financial assets and liabilities"). When the buy-out price is based on fair value, it is most often estimated using the calculation method used for net asset value (as described in the Group's annual financial report), *i.e.* the application of peer multiples to the operating margin of the relevant investments in order to estimate the enterprise value, allowing the value of equity to be calculated once debt has been deducted. In the event of a 5% increase in the operating margins of the stakes in question, the total amount of the minority buy-out commitments and liquidity commitments for the co-investments granted by Wendel and its holding companies and the buy-out commitment granted by Stahl to BASF would increase by around €25 million. This change would be recognized mainly in retained earnings & other reserves. Other Group investments also granted minority puts (see note 13 "Financial assets and liabilities");

- the Wendel syndicated loan covenants, which are based on ratios of financial debt to the value of assets, are described in note 5-2.4 "Financing agreements and covenants of Wendel and its holding companies". At December 31, 2019, this facility was not drawn and Wendel was in compliance with these covenants;
- the degree of financial leverage of Wendel and its holding companies (*i.e.* net debt/assets), a key indicator of the cost of bond and bank financing, which Wendel may seek to access. This indicator is also tracked by the Moody's and Standard & Poor's rating agencies, which Wendel has retained to rate its financial structure and bonds. Since the second half of the 2018 fiscal year, this ratio has been at a low level allowing the Group to envisage making significant new investments while maintaining a solid financial structure.

Saint-Gobain shares were sold in 2019 (see Note 2: "Changes in scope of consolidation"). In addition, the bond exchangeable for Saint-Gobain securities matured at the end of July 2019 and was reimbursed in cash.

Note 5-2 Managing liquidity risk

Note 5-2.1 liquidity risk of Wendel and the holding companies

Wendel needs cash to make investments, service debt and pay operating expenses, share buybacks and dividends. These needs are covered by cash and short-term financial investments, asset turnover, bank and bond financing, and dividends received from subsidiaries and associates.

1. Position and monitoring of cash and short-term financial investments

As of December 31, 2019, the cash and short-term financial investments of Wendel and its holding companies (excluding operating subsidiaries) amounted to €1,142.5 million and consisted mainly of €591.9 million in euro money market funds, €336.7 million in financial institution funds and €213.9 million in bank accounts and deposits denominated chiefly in euros.

2. Monitoring cash and short-term financial investments

Every month cash & equivalents (including short-term financial investments) and cash flow are displayed on a chart detailing the changes during the month and the month-end position. This chart is presented to the Executive Board on a monthly basis. It also details the various cash and short-term financial investment vehicles utilized, as well as counterparty information. Finally, another chart indicating the expected cash flows over the coming months and years is prepared on a regular basis and used to determine the maturity and amount of financing requirements according to different scenarios.

Cash investment vehicles consist of short-term bank deposits and low-volatility, money-market mutual funds (classified under "cash and cash equivalents") and funds managed by financial institutions (classified under "other financial assets"). These investments are valued daily (or in some cases weekly). Amounts allocated to more volatile funds, potentially generating higher returns, represent an insignificant portion of cash and short-term financial investments. In choosing the various types of investments, Wendel takes into account the compatibility of their term with its debt repayment obligations and those of its holding companies.

3. Position and monitoring of debt maturities and refinancing

In the first half of 2019, Wendel issued a new €300 million bond maturing in April 2026 with a coupon of 1.375%, and exercised the early redemption clause on the 2020 and 2021 maturities in a total nominal amount of €507 million (€527 million including the prepayment premium recognized in other financial income and expenses). These transactions served to extend the average maturity of Wendel's financing and to lower the weighted average cost of bond debt.

In addition, the bond exchangeable for Saint-Gobain securities with a par value of €500 million was reimbursed in cash at its July 2019 maturity. The €212 million bond maturing in September 2019 was also reimbursed.

At December 31, 2019, gross debt (excluding operating subsidiaries) consisted of bonds for a total amount of €1,600 million. Bond maturities are spread between April 2023 and February 2027, and the average maturity is 5.5 years.

Wendel also has an undrawn €750 million syndicated loan maturing in October 2024. Wendel was in compliance with its financial covenants as of December 31, 2019. This undrawn line of credit notably gives Wendel enough flexibility to take advantage of investment opportunities.

Moreover, in the context of currency risk management (see note 5-5 "Managing currency risk"), €800 million in bond debt has been converted into dollar-denominated debt through the use of derivatives (cross-currency swaps).

At the date of the closing of the consolidated financial statements, Wendel's long-term rating from Standard & Poor's was BBB "stable" outlook, and the short-term rating A-2. Similarly, Moody's has assigned Wendel a rating of Baa2 "stable" outlook with a short-term rating of P-2.

4. Managing debt

To manage debt maturities, Wendel must find the necessary resources to cover the repayment of its financial obligations at their maturity. These resources can derive from available cash, asset rotation or new financing. This latter resource may be limited by:

- the availability of bank and bond lending sources, which has been restricted by financial market volatility, banks' access to liquidity, and pressure from financial institution regulators;

- the level of financial leverage of Wendel and its holding companies (*i.e.* net debt/assets ratio), which is a key credit risk indicator tracked by Wendel's lenders and by the financial rating agencies, which rate Wendel's financial structure. Likewise, the syndicated loan is subject to financial covenants that are based principally on the market value of Wendel's assets and on the amount of net debt (see note 5-2.4 "Wendel's syndicated loan – documentation and covenants"). Leverage depends in particular on asset values and is therefore subject to equity market risk (see note 5-1.1 "Equity market risk"); and
- a potential financial rating downgrade for Wendel from the financial rating agencies.

To manage refinancing risk, Wendel seeks to align the maturities of its bond and bank financing with its long-term investor outlook. Wendel therefore secures medium to long-term financing and extends existing maturities when market conditions allow and when Wendel management deems it necessary to do so. Investment decisions are made taking into account their impact on the net debt-to-asset ratio.

Note 5-2.2 Liquidity risk of operating subsidiaries

1. Managing the liquidity risk of operating subsidiaries

The management of each operating subsidiary is responsible for managing the cash, debt, and liquidity risk of that entity.

Cash and debt levels of the operating subsidiaries are reported regularly to Wendel. Forecasts of bank covenant compliance for the coming year and over the lifetime of the business plan are prepared annually and any time an event occurs that could have a material impact on the covenants. These forecasts and calculations of covenant compliance are reviewed regularly by Wendel.

2. Impact of liquidity risk of subsidiaries on Wendel

The financial debts of the operating subsidiaries are without recourse to Wendel. Thus, the liquidity risk of these subsidiaries only affects Wendel when Wendel decides or accepts it. Wendel has no legal obligation to support operating subsidiaries experiencing cash flow difficulties. Similarly, subsidiaries are not bound by any mutual support undertakings. As a result, Wendel's liquidity would only be affected if it decided to contribute cash to an operating subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel's own liquidity, additional investment in other subsidiaries, and new investments. In this context, Wendel made a cash injection of €125 million to Cromology in May 2019 on the renegotiation of the bank debt of this investment. This capital was used to strengthen Cromology's financial structure, notably through the partial repayment of debt in the amount of €75 million; it will also enable it to implement its transformation plan and finance its investments.

Wendel and its co-shareholder also injected $22.2 million ($14.5 million for the Group's share) into Tsebo to strengthen its financial structure in view of the challenging macroeconomic situation facing the company in South Africa.

Changes in the economic and financial situation of subsidiaries can also have an impact on Wendel's liquidity *via* the amount of dividends they pay to Wendel. Similarly, changes in the economic and financial position of investments has an impact on their value; however, this value is taken into account in calculating Wendel's financial leverage (see note 5-1 "Equity market risk").

Note 5-2.3 Wendel's liquidity outlook

Wendel's next significant financial maturity is the €300 million bond, due to be redeemed in April 2023. Wendel's liquidity risk over the 12 months following the reporting date is therefore low given its high level of cash and short-term financial investments, and its €750 million fully-undrawn syndicated credit line.

Note 5-2.4 Financing agreements and covenants of Wendel and its holding companies

1. Bonds issued by Wendel – documentation

These bonds are not subject to financial covenants, but carry standard clauses for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

2. Wendel's syndicated loan – documentation and covenants (undrawn as of December 31, 2019)

The syndicated loan has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of its net debt.

Wendel's net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions. The net debt taken into account corresponds to Wendel bonds and the syndicated loan, when drawn, reduced by cash.

Net debt of the Group subsidiaries is deducted from the gross revalued assets of these subsidiaries inasmuch as it is without recourse to Wendel.

These covenants are as follows:

- the net financial debt of Wendel and the financial holding companies compared to the gross revalued value of assets after unrealized taxes (excluding cash) must not exceed 50%;
- the ratio of:
  - the unsecured gross debt of Wendel and its financial holding companies plus their off-balance-sheet commitments that are akin to unsecured debt, less their available cash (not pledged or in escrow), to
  - the sum of 75% of the value of the available listed assets (not pledged or in escrow) and 50% of the value of available unlisted assets (not pledged or in escrow) must not exceed one.

These ratios are tested half-yearly when there are drawdowns under the syndicated loan line. As of December 31, 2019 Wendel was in compliance with all covenants.

The syndicated loan agreement carries standard covenants for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

Note 5-2.5 Financial debt of operating subsidiaries – documentation and covenants

1. Bureau Veritas' financial debt

This debt is without recourse to Wendel.

As of December 31, 2019, Bureau Veritas' gross financial debt amounted to €3,287.5 million (excluding financial liabilities related to the application of IFRS 16) and its cash balance to €1,477.8 million. Bureau Veritas also has a confirmed and undrawn line of credit in a total amount of €600 million.

The financial covenants applicable at that date were met:

- the ratio of adjusted net financial debt to consolidated EBITDA (Earnings before Interest, Taxes, Depreciation and Amortization and Provisions) adjusted for the last 12 months of any acquired entity must be less than 3.25. As of December 31, 2019, this ratio was 1.87; and
- the ratio of the consolidated EBITDA (Earnings before Interest, Taxes, Depreciation, Amortization and Provisions) adjusted for the last 12 months of any acquired entity to net financial expense must be greater than 5.5. As of December 31, 2019, this ratio was 11.62.

2. Constantia Flexibles' financial debt

This debt is without recourse to Wendel.

As December 31, 2019, the nominal amount of Constantia Flexibles' gross financial debt was €524.0 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €101.8 million (plus deposits pledged as collateral in the amount of €59.5 million).

Under the applicable financial covenants, the ratio of net financial debt to LTM EBITDA must be less than 3.75 (this threshold may be temporarily increased to 4.5 as a result of acquisitions). This covenant was met as of December 31, 2019, with a reading of 2.02.

The documentation related to Constantia Flexibles' debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends or changes in ownership structure, are prohibited, restricted, or require prior approval of the lenders.

3. Cromology's financial debt

This debt is without recourse to Wendel.

In the first half of 2019, Cromology renegotiated its bank debt by deferring its maturity to 2024 and obtaining an easing of its financial covenants. The covenants have been suspended for a period of three years, at the end of which the ratio of net debt to EBITDA must remain below 7. In exchange for these adjustments, Wendel reinvested €125 million and the managers of Cromology reinvested €5 million. €75 million have been allocated to the partial repayment of the Senior debt, with the balance earmarked for the implementation of its transformation plan and the financing of its investments.

As of December 31, 2019, Cromology's financial debt was €198.3 million (including accrued interest and excluding spreads, shareholder loans and financial liabilities related to the application of IFRS 16). Its cash balance was €87.3 million. The net debt-to-EBITDA ratio (banking definition) is 2.7.

The documentation related to this debt contains the standard restrictions for this type of credit facility. Certain transactions, such as asset divestments, granting collateral, acquisitions, additional debt, and payment of dividends are prohibited, restricted, or require the prior approval of the lenders.

4. Stahl's financial debt

This debt is without recourse to Wendel.

As of December 31, 2019, Stahl's gross bank debt was €488.9 million (including accrued interest, and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €142.1 million.

The ratio of consolidated net debt to LTM EBITDA must be less than or equal to 3.5. The covenant was met at the end of 2019, with a reading of 1.92.

The documentation related to Stahl's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

5. Tsebo's financial debt

This debt is without recourse to Wendel.

At the end of 2019, Tsebo's gross bank debt was $151 million (including accrued interest, and excluding issue costs and financial liabilities related to the application of IFRS 16). It is mainly denominated in South African rand and its cash balance was $29.7 million.

In view of the challenging economic environment facing Tsebo in South Africa, Wendel and its co-shareholder Capital Group injected a total of $22.2 million into this investment in 2019. In return, Tsebo and its banks have entered into an agreement whereby the financial covenants of December 31, 2019 are waived and a covenant relating to compliance with the budget applies until the end of March 2020. At the balance sheet date, Wendel and its co-shareholder are working with the management of this company to find a lasting solution to the operational and financial difficulties encountered by Tsebo.

Financial covenants are calculated on a perimeter covering the Mauritian parent company, South Africa and a limited number of other African countries; they are tested twice a year, at the end of June and the end of December. They will apply again from June 2020:

- the ratio of LTM EBITDA to the amount of interest paid must be greater than or equal to 2.00 (this minimum ratio will reach to 2.25 in December 2020);
- the ratio of consolidated net debt to EBITDA for the last 12 months must be less than or equal to 3.5;
- the ratio of operating cash flow to interest expense must be greater than 1.05; and
- the ratio of operating cash flow (including a portion of the cash on the balance sheet) to interest expense must be greater than 1.25.

The documentation related to Tsebo's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

6. CPI's financial debt

This debt is without recourse to Wendel.

As December 31, 2019, the nominal amount of CPI's gross financial debt was $335 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was $3.5 million.

As of December 31, 2019, there was no covenant test. As of March 31, 2020, the ratio of net financial debt to recurring EBITDA for the last 12 months (defined according to US accounting standards) must be less than 12. This ratio will then be tested quarterly and the maximum limit will be gradually reduced to 8 in December 2025. This ratio reached 7.2 at the end of 2019.

The documentation related to CPI's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, dissolutions, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks, or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

Note 5-3 Managing interest rate risk

As of December 31, 2019, the exposure of the Wendel Group (Wendel, its holding companies, and fully-consolidated operating subsidiaries) to interest rates was limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	4.8		1.8
Cash and short-term financial investments	-0.3		-2.6
Impact of derivatives	0.3	0.3	-0.6
INTEREST-RATE EXPOSURE	**4.7**	**0.3**	**-1.5**
	133%	8%	-41%

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 2019 during which they will hedge interest rate risk.

A +100 basis point change in the interest rates on which the interest rate exposure of the consolidated Group is indexed would have an impact of around €+12 million on net finance income before tax over the 12 months after December 31, 2019, based on net financial debt as of December 31, 2019, interest rates on that date, and the maturities of existing interest rate hedging derivatives. This positive impact on a rate increase is the effect of a very significant Group cash position (exposed to floating rates) and a number of financing measures incorporating floor rates that make them insensitive to part of the rate increase.

As of December 31, 2018, the exposure of the Wendel Group (Wendel, its holding companies, and fully-consolidated operating subsidiaries) to interest rates was also limited.

In billions of euros	Fixed rate	Capped rate	Floating rate
Gross debt	5.5		1.8
Cash and short-term financial investments (1)	-0.3		-3.1
Impact of derivatives	0.3	1.0	-1.3
INTEREST-RATE EXPOSURE	**5.5**	**1.0**	**-2.6**
	139%	27%	66%

(1) Excluding 0.1 in short-term financial investments not sensitive to interest rates.

Note 5-4 Managing credit risk

Each operating subsidiary has set up a policy to monitor its customer credit risk, and the receivables for which a risk of non-payment exists are subject to write-down. As of the closing date, owing to the Group's geographical and sector diversification, there was no significant concentration of credit risk in trade receivables.

The cash and financial investments of Wendel SE and its holding companies are placed essentially with top-ranking financial institutions. Given the total amount of cash and short-term financial investments held as of December 31, 2019, significant amounts may be invested with the same financial institution. Derivative contracts are entered into with top-ranking financial institutions.

Note 5-5 Managing currency risk

Note 5-5.1 Wendel

Certain Group investments operate in several countries and, as a result, derive a share of their earnings in currencies other than the euro, notably the US dollar. The investments with the greatest exposure to the US dollar are Bureau Veritas, Constantia Flexibles, Stahl, CPI, IHS and Allied Universal. Owing to the exposure of part of those assets to the US dollar, Wendel has decided to convert part of its bond debt into that currency through the use of derivatives. As such, €800 million in Eurodollar cross-currency swaps were established in 2016. This hedge will limit the impact of changes in the Eurodollar exchange rate on the Group's net asset value. These instruments, carried at fair value, have been qualified as net investment hedges for accounting purposes. As a result, changes in fair value related to change in the euro/dollar exchange rate are recognized in equity (impact of negative €14.9 million in 2019). A 5% increase in the value of the US dollar against the euro would have a negative impact of €39 million in equity in respect of cross-currency swaps. The impact of the interest rate differential between the euro and the dollar on the fair value of these instruments is recognized in financial income, as are the coupons of these foreign exchange hedges.

Note 5-5.2 Bureau Veritas

Due to the international nature of its activities, Bureau Veritas is exposed to currency risk arising from the use of several foreign currencies even though natural hedges may exist due to the fact that many of the entities where services are supplied locally have corresponding costs and revenues.

Currency risk from operations

For the Bureau Veritas' activities in local markets, costs and revenues are mainly expressed in local currency. For the Bureau Veritas activities related to global markets, a portion of revenue is denominated in US dollars.

The share of US dollar-denominated consolidated revenue in 2019 for countries with a functional currency other than USD or currencies correlated to the USD was 8%.

Accordingly, a 1% fluctuation of the USD against any currency would have an impact of 0.1% on the Bureau Veritas' consolidated revenue.

Conversion risk

Since the presentation currency of the financial statements is the euro, Bureau Veritas must convert into euros the income and expenses in currencies other than the euro when preparing the financial statements. This conversion is carried out at the average rate for the period. As a result, changes in the exchange rate of the euro against other currencies affect the amount of the items concerned in the consolidated financial statements, even if their value remains unchanged in their original currency.

In 2019, over 72% of the Group's revenue was the result of the consolidation of the financial statements of entities with a functional currency other than the euro:

- 19.4% of revenue come from entities where the USD or a currency correlated to the USD (including the Hong Kong dollar) is the functional currency;
- 11.6% of revenue comes from entities where the functional currency is the Chinese yuan;

- 4.0% of revenue comes from entities where the functional currency is the Canadian dollar;
- 3.8% of revenue comes from entities where the functional currency is the Australian dollar;
- 3.8% of revenue come from entities where the functional currency is the pound sterling;
- 3.1% of revenue comes from entities where the functional currency is the Brazilian real;
- the other currencies, taken individually, did not represent more than 4%.

Accordingly, a 1% fluctuation of the euro against the US dollar and the currencies correlated to it would have had an impact of 0.194% on the Bureau Veritas' 2019 consolidated revenue and 0.188% on its 2019 operating result.

Note 5-5.3 Constantia Flexibles

In 2019, 35% of Constantia Flexibles' revenue was generated in currencies other than the euro, including 11% in US dollars. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-1.2% on Constantia Flexibles' 2019 income from ordinary activities before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), or less than €+/-1.8 million.

Note 5-5.4 Stahl

In 2019, 57% of Stahl's revenue is in currencies other than the euro, including 33% in US dollars, 11% in Chinese yuan, 6% in Indian rupees and 3% in Brazilian reals. A +/-10% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-10% on Stahl's 2019 income from ordinary activities before impairment and amortization (excluding goodwill allocation and non-recurring expenses), or+/-€19 million.

In addition, Stahl has financial debt of €488.8 million, the majority of which is denominated in US dollars ($536 million, or €477 million) and carried by a company with the euro as its functional currency. Therefore, a +/-10% fluctuation in the US dollar's value against the euro would result in the recognition of a currency impact of about +/-€48 million in net finance income/expenses.

Note 5-5.5 Tsebo

Tsebo operates chiefly in South Africa, but its financial statements are presented in dollars. In 2019, 98.8% of Tsebo's revenue were the result of the consolidation of the financial statements of entities with a functional currency other than the dollar, of which 77% in South African rand. A +/-5% fluctuation in the value of the dollar against the South African rand would have an impact of around €0.2 million in income from ordinary activities before impairment and amortization for 2019 (excluding goodwill allocation and non-recurring expenses) in Wendel's financial statements in euros.

Tsebo's bank debt is denominated in South African rand for €112.4 million and in dollars for €5.2 million. It is carried by a company whose functional currency is the South African rand. As such, changes in exchange rates have no effect on the net income.

Note 5-6 Commodity risk management

The Group investments most exposed to the risk of changes in commodity prices are Cromology, Stahl and Constantia Flexibles.

In 2019, at Cromology, purchases of raw materials and packaging were subject to reinforced management. After several years of high rises, the raw material price has entered a stable period especially for TiO_2. Cromology is constantly working to optimize its purchases by qualifying new suppliers and new raw materials. One of the key skills of Cromology's Research and Development lies in the continuous reformulation of the product portfolio to adapt to the evolution of raw materials while optimizing and improving the added value of the group's paints.

Stahl purchased around €380 million of commodities in 2019. A 10% increase in the price of the commodities used by Stahl would have led to a theoretical increase in the cost of these raw materials of around €38 million on a full-year basis. Stahl nevertheless considers that, circumstances permitting, a short-term increase in the sales price of its products would offset the overall effect of such raw material price increases.

Constantia Flexibles purchased around €799 million of commodities in 2019. A 10% increase in the price of the raw materials used by Constantia Flexibles would have led to a theoretical increase in the cost of these raw materials of around €80 million on a full-year basis. Constantia Flexibles has a policy of protecting itself against fluctuations in aluminum prices through hedging contracts. Moreover, the company believes that an increase in the sales price of its products would offset the overall effect of such increases in the short term.

NOTE 6 Segment information

The business sectors correspond to the shareholdings:

- Bureau Veritas – certification and verification;
- Constantia Flexibles – flexible packaging;
- Cromology – paint manufacturing and distribution;
- Stahl – high-performance coatings and leather-finishing products;
- Tsebo – business services;
- Crises Prevention Institution (CPI) – training services;
- Allied Universal – accounted for under the equity method until its disposal in 2019 – security services; and
- IHS – equity method – mobile telephone infrastructure in Africa.

The analysis of the income statement by business sector is split between "net income from operations", non-recurring items and effects related to goodwill.

Net income from operations

Net income from operating segments is the Group's "recurring" income. It consists of net income from investments and from holding companies and excludes non-recurring items and the impact of goodwill, as defined below:

- "net income from investments" is defined as the net income of companies under exclusive control (full consolidation: Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Tsebo and CPI from the end of 2019), and Wendel's share in the net income of investments accounted for under the equity method (IHS and Allied Universal until the date of its disposal) before non-recurring items and effects related to the allocation of goodwill;
- the net income of holding companies incorporates the general and administrative expenses of Wendel and its holding companies, the cost of the net debt put in place to finance Wendel and its holding companies, and the tax expense and income connected with these items. The amounts shown are those recognized at the level of Wendel and all of its consolidated financial holding companies (excluding acquisition holding companies and operating subsidiaries).

Non-recurring income

"Non-recurring income" includes, for the entire scope of consolidation, the net after-tax amounts not linked to the operating or ordinary activities of subsidiaries and associates or to the recurring operations of Wendel and its holding companies:

- capital gains and losses from the divestment of assets;
- restructuring costs considered exceptional;
- exceptional legal disputes, notably those that are not linked to operating activities;
- interest income and expenses on shareholder loans, as these are linked to the structure of the financial instruments used to invest in the subsidiaries and associates. These items do not usually give rise to a settlement in cash prior to divestment. The tax impact related to these items is considered recurring inasmuch as it has a structural impact on the tax to be paid;
- changes in "fair value";
- impairment losses on assets, and in particular on the value of goodwill;
- currency impact on financial liabilities;
- financial restructuring expenses and the income and expenses related to extinguishing debt; and
- any other significant item unconnected with the Group's recurring operations.

Impact of goodwill allocation

The impact of goodwill on the income statement derives from the revaluation of assets and liabilities carried out at the time of the acquisition (or from changes in allocation within 12 months of the transaction). The affected items are primarily:

- inventories and work-in-progress;
- property, plant & equipment;
- intangible assets, including brands and contracts;
- and the related deferred taxes.

These accounting items modify net income from investments by disconnecting the income statement from the cash flows deriving from the business activity of those companies (because the accounting entries relate to the companies' acquisition prices and not their business activities).

Note 6-1 Income statement by business sector for 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	Equity associates		Wendel & holding companies	Total Group
						IHS	Allied Universal		
Net income from operations									-
Net sales	**5,099.7**	**1,534.3**	**667.8**	**808.7**	**451.8**				**8,562.2**
Ebitda[(1)]	**N/A**	**186.1**	**73.0**	**183.0**	**24.3**				
Adjusted operating income[(1)]	**831.5**	**82.9**	**24.1**	**155.6**	**17.2**				**1,111.2**
Other recurring operating items		2.0	0.9	1.5	0.9				
Operating income	**831.5**	**84.9**	**25.0**	**157.1**	**18.1**			**-71.1**	**1,045.5**
Finance costs, net	-102.7	-18.7	-25.0	-26.7	-16.5			-67.9	-257.4
Other financial income and expense	-15.9	-0.7	-0.5	-0.4	-1.6			4.8[(2)]	-14.4
Tax expense	-235.8	-21.3	-18.9	-34.9	-3.5			-1.5	-315.8
Share in net income of equity-method investments	0.6	-2.4	0.2	-	0.0	-60.9		-	-62.5
Net income from discontinued operations and operations held for sale	-	2.4	-	-0.9	-5.7		58.5	-	54.3
RECURRING NET INCOME FROM OPERATIONS	**477.7**	**44.2**	**-19.2**	**94.3**	**-9.2**	**-60.9**	**58.5**	**-135.7**	**449.7**
Recurring net income from operations – non-controlling interests	315.0	16.1	-0.8	30.6	-4.7	-0.3	0.0	8.4	364.2
RECURRING NET INCOME FROM OPERATIONS – GROUP SHARE	**162.7**	**28.2**	**-18.4**	**63.7**	**-4.5**	**-60.6**	**58.5**	**-144.1**	**85.4**
Non-recurring income									
Operating income	-110.2	-78.4	-28.2	-44.1	-120.2			-38.0[(3)]	-419.0
Net financial expense	-	12.0	-47.3	-10.0	-0.5			29.1[(4)]	-16.7
Tax expense	25.1	18.6	4.8	13.6	15.3			-	77.5
Share in net income of equity-method investments	-	2.4	-	-	-	-18.1		-	-15.7
Net income from discontinued operations and operations held for sale	-	-	-	-	-		-101.8	651.6[(5)]	549.8
NON-RECURRING NET INCOME	**-85.1**	**-45.4**	**-70.6**	**-40.5**	**-105.4**	**-18.1**	**-101.8**	**642.6**	**175.9**
of which:									
■ Nonrecurring items	-25.4	-3.5	-57.6	-21.0	-6.2	-13.9	-69.5	639.3	442.1
■ Impact of goodwill allocation	-59.6	-29.8	-0.4	-19.3	-7.0		-29.0	-	-145.1
■ Asset impairment	-	-12.0	-12.6	-0.1	-92.2	-4.1		-	-121.1
Non-recurring net income – non-controlling interests	-54.5	-19.8	-5.8	-13.1	-38.2	-0.1	-0.5	-6.4	-138.4
NON-RECURRING NET INCOME – GROUP SHARE	**-30.6**	**-25.6**	**-64.8**	**-27.3**	**-67.2**	**-18.0**	**-98.0**	**645.7**	**314.3**
CONSOLIDATED NET INCOME	**392.6**	**-1.2**	**-89.8**	**53.8**	**-114.6**	**-79.0**	**-40.0**	**503.7**	**625.6**
Consolidated net income – non-controlling interests	260.5	-3.8	-6.6	17.4	-42.9	-0.4	-0.4	2.1	225.8
CONSOLIDATED NET INCOME – GROUP SHARE	**132.2**	**2.6**	**-83.2**	**36.4**	**-71.7**	**-78.6**	**-39.5**	**501.6**	**399.7**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) Including €4.1 million corresponding to dividends received from Saint-Gobain.
(3) This item notably includes the effect of the recognition of the provision for the guarantee relating to the financing of Tsebo's investor of €-27 million (see note 15.1 on provisions).
(4) This item notably includes the change in fair value of the cross-currency swap for €-21.4 million, the intra-group interest received from Cromology Group for €+47.3 million, the cost of the early redemption of bonds for €-20 million, and the positive result of €+21.2 million related to the unwinding of the co-investment mechanism of the former managers of Matéris.
(5) This item notably includes the proceeds from the disposal of Allied Universal for €644.2 million and Plaice for €7.3 million.

Note 6-2 Income statement by business sector for 2018

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	Others	Equity associates: IHS	Equity associates: Allied Universal	Wendel & holding companies	Total Group
Net income from operations										-
Net sales	**4,795.5**	**1,538.3**	**665.1**	**866.9**	**523.4**				**-**	**8,389.2**
Ebitda[1]	**N/A**	**186.5**	**29.0**	**196.8**	**32.7**	**N/A**				
Adjusted operating income[1]	**758.0**	**104.3**	**6.6**	**179.4**	**27.7**			**-0.2**		
Other recurring operating items	-	-2.0	-1.8	-4.7	-0.8			-		
Operating income	**758.0**	**102.3**	**4.8**	**174.7**	**26.9**			**-0.2**	**-69.0**	**996.5**
Finance costs, net	-82.5	-18.1	-17.2	-29.4	-15.4			-	-99.0	-261.6
Other financial income and expense	-10.7	-2.4	-0.1	1.3	0.9			-	18.4[2]	7.5
Tax expense	-221.6	-6.3	7.9	-36.3	-5.1			-7.0	-0.5	-268.9
Share in net income of equity-method investments	0.5	7.7	-0.1	-	0.2		5.8	19.1	-	33.1
Net income from discontinued operations and operations held for sale	-0.0	-	-0.5	-	-		-	-	-	5.6
RECURRING NET INCOME FROM OPERATIONS	**443.7**	**83.2**	**-5.2**	**110.3**	**7.4**		**5.8**	**11.9**	**-150.0**	**512.1**
Recurring net income from operations – non-controlling interests	279.3	34.0	-0.5	41.1	5.4		0.0	0.1	-	359.4
RECURRING NET INCOME FROM OPERATIONS – GROUP SHARE	**164.5**	**49.2**	**-4.7**	**69.2**	**2.0**		**5.7**	**11.8**	**-150.0**	**152.7**
Non-recurring income										
Operating income	-120.8	-51.6	-107.8	-39.5	-10.1		-	-	9.3	-320.5
Net financial expense	-	-12.1	-97.1	-24.9	2.1		-	-	124.4	-7.6
Tax expense	32.2	13.8	16.3	16.2	2.7		-	13.7	-	95.0
Share in net income of equity-method investments	-	-42.3	-	-	-		-39.5	-82.8	-	-164.6
Net income from discontinued operations and operations held for sale	-	3.2	-	-	-		-	-	174.7	166.1
NON-RECURRING NET INCOME	**-88.6**	**-88.9**	**-188.7**	**-48.1**	**-5.2**		**-39.5**	**-69.1**	**308.4**	**-231.6**
of which:										
■ Non-recurring items	-32.4	-18.3	-135.2	-27.4	1.3		-39.5	-14.4[3]	308.4	35.9
■ Impact of goodwill allocation	-56.2	-31.4	-0.4	-20.7	-6.5		-	-54.7	-	-175.3
■ Asset impairment	-	-39.2[4]	-53.1	-	-		-	-	-	-92.3
Non-recurring net income – non-controlling interests	-55.3	-35.0	-17.9	-18.6	-2.5		-0.2	-0.3	5.8	-124.3
NON-RECURRING NET INCOME – GROUP SHARE	**-33.3**	**-53.9**	**-170.7**	**-29.6**	**-2.7**		**-39.3**	**-68.8**	**302.6**	**-107.4**
CONSOLIDATED NET INCOME	**355.1**	**-5.7**	**-193.9**	**62.2**	**2.2**		**-33.8**	**-57.2**	**158.4**	**280.4**
Consolidated net income – non-controlling interests	224.0	-1.0	-18.5	22.5	2.8		-0.1	-0.3	5.8	235.1
CONSOLIDATED NET INCOME – GROUP SHARE	**131.1**	**-4.7**	**-175.4**	**39.6**	**-0.6**		**-33.6**	**-57.0**	**152.6**	**45.3**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) This €18.4 million corresponded to dividends received from Saint-Gobain.
(3) This item notably included the gains on the disposal of CSP Technologies of €108.8 million, Mecatherm of €11.2 and Nippon Oil Pump of €54.4 million, proceeds of €33.3 million from the revaluation of the optional component (sale of a call option) of bonds exchangeable for Saint-Gobain securities and a €9.6 million gain in the fair value of the euro-dollar cross-currency swap component.
(4) This impairment loss related to Multi-Color, which is accounted for under the equity method.

Note 6-3 Balance sheet by operating segment as of December 31, 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	IHS	Wendel & holding companies	Total Group
Goodwill, net	2,447.1	472.7	168.9	130.2	95.7	797.5	-	-	4,112.0
Intangible assets, net	808.6	457.6	179.9	250.2	70.6	2.0	-	-	1,769.0
Property, plant & equipment, net	444.9	614.9	65.3	136.3	13.6	3.5	-	12.8	1,291.3
Property, plant and equipment under operating leases	369.0	32.6	102.6	15.9	5.8	4.5	-	6.4	536.9
Non-current financial assets	117.4	67.0	7.7	2.7	1.9	0.2	-	283.6	480.4
Pledged cash and cash equivalents	-	-	-	-	-	-	-	16.6	16.6
Equity-method investments	0.9	0.3	1.5	-	2.0	-	289.4	-	294.0
Deferred tax assets	132.1	21.1	35.3	21.0	3.8	3.4	-	0.4	217.2
Non-current assets	**4,319.9**	**1,666.2**	**561.3**	**556.4**	**193.4**	**811.0**	**289.4**	**319.8**	**8,717.5**
Assets and operations held for sale	**-**	**-**	**-**	**7.3**	**48.0**	**-**	**-**	**-**	**55.3**
Inventories and work-in-progress	56.0	227.4	74.3	100.6	6.2	1.0	-	-	465.6
Trade receivables	1,255.4	146.7	88.7	147.6	51.0	7.7	-	0.3	1,697.4
Contract assets (net)	226.0	-	-	-	-	-	-	-	226.0
Other current assets	208.6	27.1	50.1	18.6	20.1	4.7	-	25.3	354.5
Current income tax payable	47.0	15.8	-	4.3	0.7	-	-	0.2	68.0
Other current financial assets	27.8	1.1	-	0.2	-	-	-	337.9	367.0
Cash and cash equivalents	1,477.8	101.8	87.3	142.1	26.5	3.1	-	785.9	2,624.7
Current assets	**3,298.6**	**520.0**	**300.5**	**413.4**	**104.5**	**16.5**	**-**	**1,149.6**	**5,803.3**
TOTAL ASSETS									**14,576.0**
Shareholders' equity – Group share									2,423.1
Non-controlling interests									1,392.5
Total shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2,246.1**	**3,815.6**
Provisions	265.0	70.7	49.4	29.3	-	-	-	41.8	456.1
Financial debt	2,918.5	497.5	187.4	416.4	-0.0	280.8	-	1,596.0	5,896.7
Operating lease liabilities	326.0	27.1	79.0	16.2	-	3.5	-	6.5	458.2
Other non-current financial liabilities	115.7	14.4	-	115.7	2.2	18.8	-	188.0	454.9
Deferred tax liabilities	173.9	140.0	54.2	26.8	21.8	-	-	0.1	416.8
Total non-current liabilities	**3,799.1**	**749.7**	**369.9**	**604.4**	**24.0**	**303.2**	**-**	**1,832.3**	**7,682.6**
Liabilities held for sale	**-**	**-**	**-**	**-**	**15.4**	**-**	**-**	**-**	**15.4**
Provisions	-	1.2	3.3	0.1	-	-	-	0.4	5.1
Financial debt	369.0	25.3	4.1	66.0	124.4	10.9	-	27.8	627.4
Operating lease liabilities	92.6	6.5	24.5	1.4	6.8	0.9	-	-	132.8
Other current financial liabilities	84.1	9.1	-	3.8	2.3	-	-	13.3	112.5
Trade payables	441.3	263.5	91.2	78.8	48.2	1.2	-	12.8	937.0
Other current liabilities	854.5	63.8	84.8	41.9	18.5	3.3	-	25.1	1,091.9
Current income tax payable	137.4	14.4	-	3.4	0.0	-	-	0.5	155.6
Total current liabilities	**1,978.8**	**383.7**	**208.0**	**195.3**	**200.2**	**16.3**	**-**	**80.0**	**3,062.3**
TOTAL EQUITY AND LIABILITIES									**14,576.0**

Note 6-4 Balance sheet by operating segment as of December 31, 2018

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	PlaYce	IHS	Allied Universal	Wendel & holding companies	Total Group
Goodwill, net	2,383.5	468.1	176.3	129.7	182.1	-	-	-	-	3,339.8
Intangible assets, net	832.1	493.4	185.7	269.5	123.2	-	-	-	-	1,903.9
Property, plant & equipment, net	471.1	613.1	75.4	143.0	14.6	-	-	-	12.7	1,330.0
Non-current financial assets	109.8	74.2	4.9	1.6	2.8	-	-	-	523.6	717.0
Pledged cash and cash equivalents	-	-	-	-	-	-	-	-	0.5	0.5
Equity-method investments	5.0	148.4	1.3	-	2.4	-	261.7	132.8	-	551.7
Deferred tax assets	135.3	21.8	34.0	14.9	1.8	-	-	-	0.4	208.3
Non-current assets	**3,936.9**	**1,819.1**	**477.8**	**558.7**	**326.9**	**-**	**261.7**	**132.8**	**537.3**	**8,051.2**
Assets and operations held for sale	**0.0**	**-**	**-**	**1.2**	**-**	**24.8**	**-**	**92.0**	**-**	**118.0**
Inventories and work-in-progress	19.9	233.0	75.6	116.4	8.1	-	-	-	-	452.9
Trade receivables	1,408.8	161.1	108.2	151.1	59.4	-	-	-	0.4	1,889.0
Other current assets	186.3	35.2	64.3	18.2	14.1	-	-	0.2	7.9	326.2
Current income tax payable	49.8	12.9	-	11.2	0.8	-	-	-	0.2	74.9
Other current financial assets	17.8	2.2	-	1.0	-	-	-	-	285.4	306.5
Cash and cash equivalents	1,046.3	16.4	84.7	127.3	16.8	-	-	0.9	1,806.1	3,098.4
Current assets	**2,728.9**	**460.8**	**332.8**	**425.1**	**99.2**	**-**	**-**	**1.1**	**2,100.0**	**6,147.9**
TOTAL ASSETS										**14,317.1**
Shareholders' equity – Group share										2,160.3
Non-controlling interests										1,146.1
Total shareholders' equity										**3,306.4**
Provisions	290.7	64.6	48.8	24.0	-	-	-	-	15.4	443.5
Financial debt	2,655.8	503.9	14.1	475.3	109.0	-	-	-	1,873.8	5,631.8
Other non-current financial liabilities	131.7	28.4	-0.0	123.5	2.9	-	-	-	170.2	456.7
Deferred tax liabilities	178.4	153.9	96.7	27.2	34.8	-	-	19.1	-	510.2
Total non-current liabilities	**3,256.5**	**750.8**	**159.6**	**650.0**	**146.7**	**-**	**-**	**19.1**	**2,059.4**	**7,042.2**
Liabilities held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	-	61.0	3.1	0.2	-	-	-	-	-	64.3
Financial debt	499.0	25.2	324.3	58.8	8.6	-	-	-	751.9	1,667.8
Other current financial liabilities	130.3	63.7	-	2.9	0.1	-	-	-	15.5	212.4
Trade payables	390.0	251.7	85.3	105.8	58.6	-	-	0.2	10.9	902.6
Other current liabilities	792.8	57.7	86.0	38.1	22.4	-	-	-	17.3	1,014.4
Current income tax payable	71.2	25.7	-	9.0	0.9	-	-	-	0.2	107.0
Total current liabilities	**1,883.2**	**485.1**	**498.7**	**214.7**	**90.7**	**-**	**-**	**0.2**	**795.8**	**3,968.5**
TOTAL EQUITY AND LIABILITIES										**14,317.1**

Note 6-5 Cash flow statement by business segment for 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	Wendel & holding companies	Total Group
Net cash flows from operating activities, excluding tax	1,012.1	202.7	95.0	162.9	13.0	-61.2	1,424.5
Net cash flows from investing activities, excluding tax	-194.1	46.8	-10.0	-29.7	-6.7	599.9	406.3
Net cash flows from financing activities, excluding tax	-193.4	-134.4	-63.8	-90.4	5.5	-1,555.0	-2,031.6
Net cash flows related to taxes	-192.4	-30.4	-19.2	-27.8	-2.9	-	-272.7

Note 6-6 Cash flow statement by business segment for 2018

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	Mecatherm	CSP Techno-logies	Nippon Oil Pump	Allied Universal	Wendel & holding companies	Total Group
Net cash flows from operating activities, excluding tax	864.6	138.5	-2.9	217.7	16.6	7.8	13.5	4.7	4.0	-53.1	1,211.5
Net cash flows from investing activities, excluding tax	-274.4	-131.9	-17.8	-35.3	-6.2	-3.6	-9.5	-10.0	-67.6	1,119.8	563.5
Net cash flows from financing activities, excluding tax	285.5	-38.5	66.1	-74.3	-11.3	-11.0	-7.6	-1.8	66.3	-619.2	-345.8
Net cash flows related to taxes	-185.1	-16.1	-3.9	-21.4	-2.4	-0.4	-3.6	-1.8	-0.2	11.1	-223.8

6.8 Notes to the balance sheet

The accounting principles applied to the aggregates on the balance sheet are described in note 1-10.1 "Presentation of the balance sheet".

NOTE 7 Goodwill

The accounting principles applied to goodwill are described in note 1-9.1 "Goodwill".

	12/31/2019		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,589.6	-142.5	2,447.1
Constantia Flexibles	472.7	-	472.7
Cromology	404.0	-235.1	168.9
Stahl	130.2	-	130.2
Tsebo	185.6	-89.9	95.7
CPI	797.5	-	797.5
TOTAL	**4,579.6**	**-467.6**	**4,112.0**

	12/31/2018		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,524.9	-141.3	2,383.5
Constantia Flexibles	468.1	-	468.1
Cromology	403.7	-227.3	176.3
Stahl	129.7	-	129.7
Tsebo	201.5	-19.4	182.1
TOTAL	**3,727.9**	**-388.0**	**3,339.8**

The principal changes during the year were as follows:

In millions of euros	2019	2018
Net amount at beginning of period	3,339.8	3,575.0
Changes in scope(1)	814.7	-160.5
Reclassification under "Operations held for sale"(2)	-27.7	-
Impact of changes in currency translation adjustments and other	60.9	-39.2
Impairment for the year(3)	-75.8	-35.5
NET AMOUNT AT END OF PERIOD	**4,112.0**	**3,339.8**

(1) This item mainly includes the effect of the acquisition of CPI for €782.4 million, and the impact of acquisitions made by Bureau Veritas, including Capital Energy for €13.5 million.
(2) Corresponds to the reclassification of Goodwill from ATS to operations held for sale by Tsebo.
(3) Corresponds to impairments recognized by Tsebo for €68.2 million and by Cromology for €7.5 million.

Note 7-1 Goodwill impairment tests

In accordance with accounting standards, goodwill for each CGU (Cash Generating Unit) is tested for impairment as soon as there is any indication that its value may be impaired, and at least once per year on December 31 (see the Accounting principles section, note 1-9.1 "Goodwill"). The Group's CGUs consist of the fully consolidated investments at December 31, 2019: Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Tsebo and CPI.

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date on which the financial statements were finalized on the positions existing at December 31, 2019. Forecasts are inherently uncertain and actual amounts could therefore be significantly different from the forecasts made under these tests. If so, values in use may also be different from those determined on the basis of assumptions and estimates at the end-December 2019 closing date.

The tests are performed in accordance with IAS 36 "Impairment of assets". They consist in comparing the carrying value of subsidiaries and associates with their recovery value (the highest between value the fair value and the value in use).

Note 7-1.1 Goodwill impairment tests at Bureau Veritas (listed company)

The carrying amount of the Bureau Veritas shares at year-end 2019 (€5.2 per share, or €835 million for the shares held) was significantly below their fair value (closing share price: €23.3 per share, or €3,741 million for the shares held). As a result, there was no need to apply value in use for the impairment test, and no impairment has been recognized.

Note 7-1.2 Goodwill impairment tests of unlisted subsidiaries: Constantia Flexibles, Cromology, Stahl and Tsebo

The values in use determined by Wendel for these tests were based on discounted future cash flows. The business plans used were prepared by Wendel on the basis of those drawn up by the subsidiaries and using the latest information available on the underlying markets. For each of the subsidiaries, the value of Wendel's share in the capital is compared to the book value.

The tests performed at end-2019 did not result in the recognition of any impairment losses.

On the other hand, the tests carried out by Tsebo on its own CGUs led it to impair $76.2 million of goodwill and $41.4 million of intangible assets. In accordance with the Group's accounting principles, these impairment losses are reflected in Wendel's consolidated financial statements.

No test was carried out on CPI as the acquisition took place at the end of 2019; the acquisition price is considered to be representative of the fair value of this investment.

The description of the tests on unlisted investment is as follows:

In millions of euros		Constantia Flexibles	Cromology	Stahl	Tsebo
Net Book value before test (Group Share)		642	272	118	26
Impairment (Group Share)		-	-	-	-
Net Book value after test (Group Share)		642	272	118	26
Business Plan length (years)		5 years	5 years	5 years	5 years
	as of Dec. 31, 2019	8.0%	8.0%	9.0%	13.0%
	as of Dec. 31, 2018	8.0%	8.0%	9.0%	13.0%
	impact on central case value in case of a 0.5% increase	-11	-	-	-
	impact on central case value in case of a 0.5% decrease	-	-	-	-
Discount rate	threshold at which value becomes inferior to the Net Book Value	8.4%	8.6%	23.6%	15.7%
	as of Dec. 31, 2019	+2.0%	+1.5%	+2.0%	+5.3%
	as of Dec. 31, 2018	+2.0%	+2.0%	+2.0%	+5.5%
	impact on central case value in case of a 0.5% increase	-	-	-	-
	impact on central case value in case of a 0.5% decrease	-	-1	-	-
Perpetual growth	threshold at which value becomes inferior to the net book value	+1.4%	+1.0%	-20.8%	+1.4%
Impact on central case value in case of a 1.0% decrease in operational margin		-50	-23	-	-

NOTE 8 Intangible assets

The accounting principles applied to intangible assets are described in notes 1-9.2 "Intangible assets", 1-9.3 "Other intangible assets" and 1-9.6 "Impairment of property, plant & equipment and intangible assets".

The details by subsidiary are presented in note 6 "Segment information".

In millions of euros	2019	2018
Amount at beginning of the period	**1,903.9**	**2,181.8**
Acquisitions	46.4	52.8
Internally generated assets	13.6	5.3
Changes due to operations held for sale	-12.2	-178.9
Changes in scope [(1)]	36.2	82.6
Impact of currency translation adjustments and other	22.1	-31.7
Amortization and impairment losses for the year	-241.0	-208.0
AMOUNT AT END OF THE YEAR	**1,769.0**	**1,903.9**

(1) In 2019, the changes in scope of consolidation mainly comprise the €16.7 million in acquisitions made by Bureau Veritas and the €3.5 million made by Tsebo.

NOTE 9 Property, plant & equipment

The accounting principles applied to property, plant & equipment are described in notes 1-9.4 "Property, plant and equipment" and 1-9.6 "Impairment of property, plant and equipment and intangible assets".

The details by subsidiary are presented in note 6 "Segment information".

	12/31/2019		
In millions of euros	Gross amount	Amortization and provision	Net amount
Land	104.3	-2.1	102.2
Buildings	452.8	-163.7	289.1
Plant, equipment, and tooling	1,927.6	-1,213.8	713.8
Property, plant and equipment in progress	63.5	-	63.5
Other property, plant & equipment	471.6	-348.9	122.8
TOTAL PROPERTY, PLANT AND EQUIPMENT	**3,019.8**	**-1,728.5**	**1,291.3**

In millions of euros	12/31/2018 Gross amount	Amortization and provision	Net amount
Land	114.7	-1.7	113.0
Buildings	424.3	-150.1	274.2
Plant, equipment, and tooling	1,796.0	-1,058.1	737.9
Property, plant and equipment in progress	75.1	-	75.1
Other property, plant & equipment	462.2	-332.3	129.9
TOTAL PROPERTY, PLANT AND EQUIPMENT	**2,872.3**	**-1,542.3**	**1,330.0**

The principal changes during the year were as follows:

In millions of euros	2019	2018
Amount at beginning of the period	**1,330.0**	**1,406.1**
Acquisitions (1)	218.3	241.3
Divestments	-11.3	-12.9
Changes in scope of consolidation	8.7	28.4
Changes due to operations held for sale	-8.6	-93.5
Impact of currency translation adjustments and other	-5.8	-11.9
Amortization and impairment losses for the year	-239.9	-227.5
AMOUNT AT END OF THE YEAR	**1,291.3**	**1,330.0**

(1) In 2019, the acquisitions concern mainly Bureau Veritas for €92.8 million and Constantia Flexibles for €94.3 million.

The rights of use arising from the application of IFRS 16 as of December 31, 2019 are composed of:

In millions of euros	12/31/2019 Gross amount	Amortization and provision	Net amount
Land	4.5	-	4.5
Buildings	559.5	-110.8	448.7
Plant, equipment, and tooling	3.2	-1.1	2.1
Other property, plant & equipment	111.1	-29.4	81.6
TOTAL RIGHTS OF USE	**678.3**	**-141.4**	**536.9**

NOTE 10 Equity-method investments

The accounting principles applied to equity-method investments are described in note 1-2 "Methods of consolidation".

In millions of euros	12/31/2019	12/31/2018
IHS	289.4	261.7
Allied Universal	-	132.8
Investments of Constantia Flexibles	0.3	148.4
Investments of Bureau Veritas	0.9	5.0
Investments of Tsebo	2.0	2.4
Investments of Cromology	1.5	1.4
TOTAL EQUITY-METHOD INVESTMENTS	**294.0**	**551.7**

The change in equity-method investments brakes down as follows:

In millions of euros	2019
Amount at beginning of the period	**551.7**
Share in net income for the period	
Allied	-43.4
IHS	-79.0
Other	3.2
Dividends for the period	-2.5
Impact of changes in currency translation adjustments	7.3
Impact of the stock option plan in IHS	96.1
Sale Multicolor (1)	-147.5
Sale Allied Universal (1)	-93.6
Changes in scope of consolidation	0.8
Other	0.9
AMOUNT AT END OF THE YEAR	**294.0**

(1) See note 2 "Changes in scope of consolidation".

Note 10-1 Additional information on IHS

The main IHS accounting data (at 100%) are the following (including the impact of the goodwill recognized on acquiring the equity).

In millions of euros	12/31/2019	12/31/2018
Carrying values at 100%		
Total non-current assets	2,617.9	2,498.3
Total current assets	1,089.3	842.1
Goodwill adjustment (Wendel)	66.7	61.0
TOTAL ASSETS	**3,774.0**	**3,401.5**
Total non-current liabilities	1,929.8	1,676.4
Total current liabilities	504.2	500.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,434.0**	**2,177.2**
including cash and cash equivalents	*800.1*	*553.2*
including financial debt	*1,830.0*	*1,657.4*

Note 10-2 Impairment tests on equity-method investments

No impairment test was performed on IHS because no indication of impairment was identified on this investment.

NOTE 11 Customers

	12/31/2019			12/31/2018
In millions of euros	Gross amount	Impairment	Net amount	Net amount
Bureau Veritas	1,333.6	-78.2	1,255.4	1,408.8
Constantia Flexibles	149.6	-2.9	146.7	161.1
Cromology	96.6	-7.9	88.7	108.2
Stahl	153.3	-5.7	147.6	151.1
Tsebo	52.0	-0.9	51.0	59.4
CPI	7.7	-	7.7	-
Holding companies & others	0.4	-0.2	0.3	0.4
TOTAL ACCOUNTS RECEIVABLE	**1,793.2**	**-95.8**	**1,697.4**	**1,889.0**

NOTE 12 Cash and cash equivalents

The accounting principles applied to cash and cash equivalents are described in note 1-9.10 "Cash and cash equivalents pledged and unpledged".

In millions of euros	12/31/2019 Net amount	12/31/2018 Net amount
Pledged cash and cash equivalents of Wendel and its holding companies classified as non-current assets	16.6	0.5
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets	786.1	1,806.0
Cash and cash equivalents of Wendel and its holding companies[(1)]	**802.7**	**1,806.5**
Unpledged cash and cash equivalents of subsidiaries and other holding companies, classified as current assets		
Bureau Veritas	1,477.8	1,046.3
Constantia Flexibles	101.8	16.4
Cromology	86.5	83.4
Stahl	142.1	127.3
Tsebo	26.5	16.8
CPI	3.1	0.0
Other holding companies	0.8	2.2
Total cash and cash equivalents from investments	**1,838.6**	**1,292.4**
TOTAL CASH AND CASH EQUIVALENTS	**2,641.3**	**3,098.9**
of which non-current assets	***16.6***	***0.5***
of which current assets	***2,624.7***	***3,098.4***

(1) To this cash was added €356.6 million of short-term financial investments (including €19.9 million in mutual funds) at December 31, 2019 and €283.7 million at December 31, 2018 (see note 5-2.1 "Liquidity risk of Wendel and its holdings"), recorded in other current financial assets.

NOTE 13 Financial assets and liabilities (excluding financial debt and operating receivables and payables)

The accounting principles applied to financial assets and liabilities are described in notes 1-9.7 "Financial assets and liabilities" and 1-9.8 "Methods of measuring the fair value of financial instruments".

Note 13-1 Financial assets

In millions of euros	Method of accounting for changes in fair value	Level	12/31/2019	12/31/2018
Pledged cash and cash equivalents of Wendel and its holding companies	Income statement	1	16.6	0.5
Unpledged cash and cash equivalents of Wendel and its holding companies	Income statement	1	785.9	1,806.0
Wendel's short-term financial investments	Income statement	1	356.6	283.7
Cash and short-term financial investments of Wendel and its holding companies			**1,159.1**	**2,090.1**
Cash and cash equivalents of subsidiaries	Income statement	1 and 3	1,838.8	1,292.4
Financial assets at fair value through equity – A	Equity	1	183.1	414.1
Financial assets at fair value through profit or loss	Income statement	N/A	90.2	57.1
Loans	Amortized cost	N/A	0.9	2.2
Deposits and guarantees	Amortized cost	N/A	111.6	96.4
Derivatives – B	Income statement and Sh. Equity	see B	22.2	61.0
Other			82.9	108.9
TOTAL			**3,488.7**	**4,121.3**
of which non-current financial assets, including pledged cash and cash			***497.1***	***717.4***
of which current financial assets, including cash and cash equivalents			***2,991.7***	***3,404.9***

Note 13-2 Financial liabilities

In millions of euros	Method of accounting for changes in fair value	Level	12/31/2019	12/31/2018
Derivatives – B	Income statement(1) Sh equity(2)	see B	12.3	25.7
Minority puts, earn-outs and other financial liabilities of subsidiaries – C	Income statement(1) Sh equity(2)	3	353.8	457.7
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies – D	Income statement(1) Sh equity(2)	3	201.3	185.7
TOTAL			**567.4**	**669.1**
of which non-current financial liabilities			***454.9***	***456.7***
of which current financial liabilities			***112.5***	***212.4***

(1) Change in fair value through profit or loss.
(2) Change in fair value through shareholders' equity.

Note 13-3 Details of financial assets and liabilities

A As of December 31, 2019, this item mainly includes the stake in Allied Universal in the amount of €180.9 million. This value is based on the price of the portion sold in December 2019 (see note 2 "Changes in scope of consolidation").

The change in the fair value of the Saint Gobain securities sold in 2019 was recorded in consolidated reserves under "Gains and losses on financial assets at fair value through other comprehensive income" for €56.4 million.

B **Derivatives:**

In millions of euros		12/31/2019		12/31/2018	
	Level	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Interest rate swaps – not qualifying for hedge accounting – E	2	2.1	5.9	2.9	5.8
Cross-currency swaps – hedging of cash flows – E	2	15.6	3.5	50.6	6.7
Optional component of bonds exchangeable for Saint-Gobain shares	2	-	-	0.1	-
Other derivatives – not qualifying for hedge accounting	2	4.5	2.9	7.4	13.2
TOTAL		**22.2**	**12.3**	**61.0**	**25.7**
of which non-current portion		***18.0***	***6.4***	***53.2***	***12.6***
of which current portion		***4.2***	***5.9***	***7.8***	***13.1***

C **Minority puts, earn-outs and other financial liabilities of subsidiaries:** at December 31, 2019, this amount corresponds in particular to Bureau Veritas for €170.4 million and Stahl for €119.5 million (including the minority put granted to BASF – see note 34-5 "Shareholder agreements and co-investment mechanisms".) and Constantia Flexibles for €11 million. It is largely comprised of minority put options, deposits and securities received.

D **Minority puts, earn-outs and other financial liabilities of Wendel and holding companies:** at December 31, 2019, this amount mainly reflected minority puts granted to the Turnauer Foundation on 50% of its investment in Constantia Flexibles. It also includes liabilities for certain liquidities granted as part of co-investments. See note 34-5 "Shareholder agreements and co-investment mechanisms".

E **Interest rate swaps and currency hedging:** the value of the swaps is calculated by the counterparties on the basis of the yield curve at the balance sheet date and the present value of cash flows expected from the contracts.

Notional amount	Characteristics[1]	Qualified as	Start[1]	Maturity[1]	12/31/2019	12/31/2018
	Sign convention: (+) assets, (-) liabilities					
Hedging of debt carried by Wendel						
$885M/€800M	Pay 2.23% in US dollars against 0.24% (in euros)[2]	Hedge	03/2016	11/2022	15.6	50.6
	Other					
Hedging of subsidiaries' debt						
€80M	0.15% cap on Euribor		pre-closing	2022-23	0.1	-
$270M	2.25% cap on Libor		pre-closing	12/2019	-	0.8
€180M	Pay 0.75% against Euribor	Hedge	pre-closing	04/2022	-4.6	-5.1
€200M	2.00% cap against Euribor		pre-closing	04/2022	2.2	2.0
1850MZAR	Pay 7.72% on Jibar		pre-closing	03/31/2021	-1.4	-0.7
	Other[3]				-3.5	-6.7
TOTAL					**8.3**	**40.9**

(1) The positions indicated in this table are aggregations of several similar contracts. The characteristics are therefore weighted averages.
(2) Wendel has established cross-currency swaps to convert €800 million of its bond debt into US dollars (average exchange rate of 1.1058), see note 5-5 "Managing currency risk".
(3) This amount includes the Bureau Veritas currency hedges that convert debt denominated in sterling into euros.

NOTE 14 Equity

Note 14-1 Total number of shares and treasury shares

	Par value	Total number of shares	Treasury shares	Number of shares outstanding
as of 12/31/2018	4 €	46,280,641	1,013,074	45,267,567
as of 12/31/2019	4 €	44,682,308	908,950	43,773,358

The reduction of 1,598,333 shares is due to:

- the sale of 47,005 shares as part of the exercise of stock option plans and the delivery of performance shares; and
- the cancellation of 1,645,338 shares.

As of December 31, 2019, 73,800 shares were held for the purposes of the liquidity contract.

As of December 31, 2019, Wendel held 835,150 of its shares in treasury outside the context of the liquidity contract (913,074 at December 31, 2018).

In total, treasury shares represented 2.03% of share capital as at December 31, 2019.

Note 14-2 Non-controlling interests

In millions of euros	% interest of non-controlling interests as of December 31, 2019	12/31/2019	12/31/2018
Bureau Veritas Group	64.1%	1,005.7	801.4
Constantia Flexibles Group	39.3%	257.8	265.2
Cromology Group	4.1%	11.6	-27.4
Stahl Group	32.5%	34.4	20.1
Tsebo Group	36.2%	70.4	103.0
CPI Group	4.0%	4.6	-
Other		8.1	-16.3
TOTAL		**1,392.5**	**1,146.1**

NOTE 15 Provisions

The accounting principles applied to provisions are described in notes 1-9.11 “Provisions” and 1-9.12 “Provisions for employee benefits”.

In millions of euros	12/31/2019	12/31/2018
Provisions for risks and contingencies	136.2	200.4
Employee benefits	325.0	307.4
TOTAL	**461.2**	**507.8**
of which non-current	*456.1*	*443.5*
of which current	5.1	64.3

Note 15-1 Provisions for risks and contingencies

In millions of euros	12/31/2018	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	Currency translation adjustments, reclassifications and other	12/31/2019
Bureau Veritas								
Disputes and litigation	44.3	3.5	-6.0	-6.0	0.2	0.2	0.1	36.3
Other	60.8	13.7	-16.1	-4.6	-	7.3	-25.2	35.9
Cromology	19.1	12.9	-7.4	-4.8	-	-	0.6	20.4
Stahl	1.4	-	-0.2	-	-	-	-	1.2
Constantia Flexibles	61.1	2.5	-57.8	-5.0	0.5	-	-	1.3
Operating subsidiaries	13.7	34.5	-7.1		-	-	-	41.0
TOTAL	**200.3**	**67.1**	**-94.5**	**-20.4**	**0.6**	**7.5**	**-24.5**	**136.2**
of which current	*64.3*							*5.1*

In millions of euros	12/31/2017	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	Currency translation adjustments, reclassifications and other	12/31/2018
Bureau Veritas								
Disputes and litigation	47.2	3.2	-2.7	-4.3	0.3	0.4	0.2	44.3
Other	62.4	20.1	-10.3	-10.0	-	-	-1.3	60.8
Cromology	8.6	15.0	-3.8	-0.7	-	0.4	-0.3	19.1
Stahl	1.3	-	-	-	-	-	-	1.4
Constantia Flexibles	52.8	11.4	-3.2	-	-	-	-	61.1
Mecatherm	7.5	0.2	-0.5	-	-	-	-7.2	-
NOP	0.3	-	-	-	-	-	-0.3	-
Operating subsidiaries	22.9	6.3	-4.7	-10.8		-	-	13.7
TOTAL	**203.0**	**56.1**	**-25.1**	**-25.8**	**0.3**	**0.8**	**-9.0**	**200.4**
of which current	*59.4*							*64.3*

1. Provisions for risks and contingencies of Bureau Veritas

In the normal course of its activities, Bureau Veritas is party, with respect to certain of its activities, to various disputes and legal actions seeking, among other things, to invoke its professional civil liability. While Bureau Veritas pays the greatest attention to risk control and the quality of its services, some of those services can give rise to claims and result in financial penalties.

Provisions may be recognized for any expenses that may arise from these disputes. The amount recognized in provisions is the best estimate of the expenditure required to settle the obligation, discounted to the balance sheet date taking into account available insurance guarantees. The costs that Bureau Veritas may be required to incur may exceed the amount of provisions for litigation due to numerous factors, notably the uncertain nature of the outcome of litigation.

The calculation of provisions for risks and contingencies as of December 31, 2019 notably takes into account the exceptional litigation that arose in 2004 in relation to the construction of a hotel and retail complex in Turkey.

As things stand, the outcome of this dispute remains uncertain although Bureau Veritas' lawyers are optimistic about the appeal decision. On the basis of the provisions set aside by Bureau Veritas, and based on the information known to date, it is believed that this claim will not have a material adverse impact on the consolidated financial statements of the Bureau Veritas Group.

There are no other government, administrative, legal or arbitration proceedings or investigations (including any proceedings of which Bureau Veritas is aware that are pending or with which Bureau Veritas is threatened) that may have, or have had, during the previous 12 months, significant effects on the financial position or profitability of Bureau Veritas.

2. Provisions for risks and contingencies of Constantia Flexibles

The litigation in respect of the squeeze-out of Constantia Packaging AG has been settled in the first half of 2019 for a net amount of €45 million. This amount is less than the provision that had been set aside.

3. Provisions for risks and contingencies of Wendel and its holding companies

The principal disputes, claims and risks identified for Wendel and its holding companies are as follows:

- environmental risk concerning potential costs related to the rehabilitation of land which belonged to a Group subsidiary whose operations were discontinued in 1967;
- the legal actions brought by Wendel managers as a result of the unwinding of a mechanism for participating in the Group's performance were concluded either by the withdrawal or rejection of their claims or a stay pending decisions in other individual cases. No provision has been set aside.

In accordance with accounting standards, a provision has been recorded for the guarantee relating to the financing of Tsebo's investor B-BBEE (see note 34-6 "Other agreements entered into by the Wendel Group in connection with its financing or acquisition or disposal transactions").

Note 15-2 Employee benefits

The breakdown by subsidiary was as follows:

In millions of euros	12/31/2019	12/31/2018
Bureau Veritas	192.8	185.6
Constantia Flexibles	70.7	64.6
Cromology	32.3	32.7
Stahl	28.2	22.8
Operating subsidiaries	1.2	1.7
TOTAL	**325.0**	**307.4**

The change in provisions for employee benefits break down as follows for 2019:

In millions of euros	12/31/2018	Services costs	Actuarial gains and losses	Benefits paid	Interest costs	Curtailments and settlements	Currency fluctuations and other	12/31/2019
Commitments								
Defined-benefit plans	254.4	6.1	19.5	-10.0	4.2	-0.8	7.4	280.9
Retirement bonuses	162.9	10.4	6.8	-12.9	2.5	1.5	0.9	172.0
Other	52.2	4.0	1.2	-6.1	3.6	0.6	-0.1	55.2
TOTAL	**469.5**	**20.4**	**27.5**	**-29.0**	**10.3**	**1.2**	**8.1**	**508.1**

In millions of euros	12/31/2018	Return on assets	Employer contributions	Actuarial gains and losses	Amounts used	Changes in scope of consolidation	Currency fluctuations and other	12/31/2019
Partially-funded plan assets								
Defined-benefit plans	141.9	2.4	3.9	11.1	-4.1	-	8.0	163.2
Retirement bonuses	11.4	-0.1	-0.1	-0.1	0.6	-	-0.2	11.4
Other	8.8	-0.1	-	-0.3	0.2	-	-	8.5
TOTAL	**162.1**	**2.2**	**3.8**	**10.7**	**-3.4**	**-**	**7.8**	**183.1**

The change in provisions for employee benefits break down as follows for 2018:

In millions of euros	12/31/2017	Services costs	Actuarial gains and losses	Benefits paid	Interest costs	Curtailments and settlements	Currency fluctuations and other	12/31/2018
Commitments								
Defined-benefit plans	246.8	4.7	-4.9	-9.3	4.0	0.2	12.9	254.4
Retirement bonuses	167.2	11.0	-4.4	-11.9	2.2	2.4	-3.5	162.9
Other	61.8	3.2	-0.5	-5.9	1.5	-	-7.9	52.2
TOTAL	**475.7**	**18.9**	**-9.8**	**-27.1**	**7.7**	**2.5**	**1.5**	**469.5**

In millions of euros	12/31/2017	Return on assets	Employer contributions	Actuarial gains and losses	Amounts used	Changes in scope of consolidation	Currency fluctuations and other	12/31/2018
Partially-funded plan assets								
Defined-benefit plans	133.0	2.4	3.6	-2.7	-4.6	0.8	9.4	141.9
Retirement bonuses	11.6	0.1	0.7	0.2	-1.5	-	0.4	11.4
Other	9.6	0.1	0.1	-0.1	-0.9			8.7
TOTAL	**154.1**	**2.6**	**4.3**	**-2.6**	**-6.9**	**0.8**	**9.8**	**162.1**

Liabilities on defined-benefit plans break down as follows:

In millions of euros	12/31/2019	12/31/2018
Unfunded liabilities	359.3	202.4
Partially or fully-funded liabilities	148.8	267.1
TOTAL	**508.1**	**469.5**

Defined-benefit plan assets break down as follows:

In millions of euros	12/31/2019	12/31/2018
Insurance Company funds	0%	0%
Equity instruments	20%	31%
Debt instruments	18%	18%
Cash and other	62%	51%

Expenses recognized on the income statement break down as follows:

In millions of euros	12/31/2019	12/31/2018
Expenses recognized on the income statement with respect to defined-benefit plans		
Service costs during the year	18.7	18.9
Interest costs	8.8	6.8
Expected return on plan assets	-2.3	-2.6
Past service costs	0.1	0.9
Actuarial gains and losses	10.2	-
Impact of plan curtailments or settlements	-20.4	-
TOTAL	**15.0**	**24.0**

1. Commitment characteristics and actuarial assumptions applied at Bureau Veritas

Employee benefits at Bureau Veritas included the following defined-benefit plans:

- pension plans, most of which have been closed for several years. Pension plans are generally unfunded, with the exception of a very limited number of plans financed by contributions paid to insurance companies and valued on the basis of periodic actuarial calculations;
- retirement bonuses; and
- long-service awards.

France is the main contributor to the Pension Plans and other Long-Term Employee Benefits item.

The principal actuarial assumptions used to calculate these commitments are as follows: average discount rate of 1.0%, average salary increase rate of 2.5%.

2. Commitment characteristics and actuarial assumptions applied at Constantia Flexibles

Employee benefits for Constantia Flexibles in Germany, Austria, France, Mexico, Turkey, Russia and Spain concern the following defined-benefit plans:

- retirement plans, funded or unfunded;
- retirement bonuses; and
- long-service awards.

The principal actuarial assumptions utilized are discount rates between 0.8% and 8%, salary increase rates, included between 3% and 7%, inflation rates between 1.4% and 4% and a rate of return on assets of between 1.6% and 2.1%.

3. Commitment characteristics and actuarial assumptions applied at Cromology

Retirement benefits are calculated mainly on the basis of employees' seniority when they retire. These plans essentially concern France (and to a lesser extent Portugal, Italy, and Switzerland). Actuarial assumptions are determined for each country.

The main assumptions utilized for the European region were as follows: discount rate of between 1% and 1.60%, inflation rate of between 0.70% and 1.75%, salary increase rate of between 1.20%, and 3.0%.

4. Commitment characteristics and actuarial assumptions applied at Stahl

Stahl employee benefits in Germany, Italy, the Netherlands, Mexico, the United Kingdom, the United States, India, France, Brazil, Thailand, Indonesia and Switzerland concern the following defined-benefit plans:

- partially-funded retirement plans;
- retirement bonuses; and
- long-service awards.

The main actuarial assumptions were as follows: discount rate of 1.4%, inflation rate of 1.6%, salary increase rate of 0.7%, and return on assets of 1.6%.

5. Wendel's commitments

In 1947, the company "Les Petits-Fils de François de Wendel" (now Wendel) set up a supplementary pension plan for all employees, regardless of their category, provided they retire while employed by the Company. This plan was closed on December 31, 1998. The supplementary pension plan guarantees each employee beneficiary an overall level of retirement income. This income is expressed as a percentage of end-of-career compensation (fixed + variable excl. extraordinary amounts). It increases in relation to the employee's age and seniority up to a maximum of 65% of this compensation. The pension plan provides for a payout of 60% to a surviving spouse on the date of the employee's retirement, and includes supplements for dependent children.

Benefits financed by the Group under this supplementary plan are calculated by deducting the total amount of pensions financed by Wendel while the employee served in the Group from the guaranteed amount. In 2005, the Company has been transferring the assets necessary to service pension benefits to an insurance company, which makes payments to the beneficiaries.

At December 31, 2019, 36 retirees and 6 employees of the Company benefited from the plan.

NOTE 16 Financial debt

Principal changes in 2019 are described in note 5-2 "Managing liquidity risk".

In millions of euros	Currency	Coupon rate	Effective interest rate[1]	Maturity	Repayment	Total lines	12/31/2019	12/31/2018
Wendel & holding companies								
2019 bonds	EUR	5.875%	5.397%	09/2019	at maturity		-	212.0
2019 Saint-Gobain exchangeable bonds[2]	EUR	0.000%	1.342%	07/2019	at maturity		-	500.0
2020 bonds[2]	EUR	1.875%	2.055%	04/2020	at maturity		-	300.0
2021 bonds[2]	EUR	3.750%	3.833%	01/2021	at maturity		-	207.4
2023 bonds	EUR	1.000%	1.103%	04/2023	at maturity		300.0	300.0
2024 bonds	EUR	2.750%	2.686%	10/2024	at maturity		500.0	500.0
2026 bonds	EUR	1.375%	1.452%	04/2026	at maturity		300.0	-
2027 bonds	EUR	2.500%	2.576%	02/2027	at maturity		500.0	500.0
Syndicated loan	EUR	Euribor +margin		10/2022	revolving	€750M		
Amortized cost of bonds and of the syndicated loan and deferred issuance costs							-4.0	-7.4
Other borrowings and accrued interest							27.8	39.9
Loans from non-controlling shareholders								73.8
Bureau Veritas								
2019 bonds	EUR			04/2019	at maturity		-	200.0
2021 bonds	EUR	3.125%		01/2021	at maturity		500.0	500.0
2023 bonds	EUR	1.250%		09/2023	at maturity		500.0	500.0
2025 bonds	EUR	1.875%		01/2025	at maturity		500.0	500.0
2026 bonds	EUR	2.000%		09/2026	at maturity		200.0	200.0
2027 bonds	EUR	1.125%		01/2027	at maturity		500.0	-
Borrowings and debt from lending institutions – fixed rate							963.9	944.3
Borrowings and debt from lending institutions – floating rate							123.7	310.5
Finance lease liabilities							0.0	
Constantia Flexibles								
Bank borrowings	EUR	Euribor +margin		04/2022	at maturity		126.0	126.0
Bank borrowings	EUR	Euribor +margin		03, 04 and 10/2022	at maturity		308.0	306.0
Bank borrowings (EUR, RUB, INR, CNY)							62.0	77.6
Other borrowings and accrued interest							22.8	21.1
Finance lease liabilities							5.1	-
Deferred issuance costs							-1.1	-1.6
Cromology								
Bank borrowings	EUR		Euribor+margin	08/2021	at maturity		186.4	243.4

In millions of euros	Currency	Coupon rate	Effective interest rate(1)	Maturity	Repayment	Total lines	12/31/2019	12/31/2018
Revolving							-	77.0
Materis shareholder loans								2.4
Other borrowings and accrued interest							10.6	15.6
Finance lease liabilities							0.7	
Deferred issuance costs							-6.2	
Stahl								
Bank borrowings	USD		Libor+margin	12/2021	amortizing		179.1	234.2
Bank borrowings	USD		Libor+margin	06/2022	amortizing		298.4	292.8
Bank borrowings (USD, CNY, INR)		floating rate		2021 to 2022	amortizing		11.3	16.0
Deferred issuance costs							-6.3	-9.0
Other borrowings and accrued interest								0.1
Tsebo								
Bank borrowings	ZAR		Jibar+margin	2022	amortizing		112.3	111.8
Bank borrowings	USD		Libor+margin	2023	amortizing		5.2	0.7
Deferred issuance costs							-2.3	-2.8
Other borrowings and accrued interest							6.3	7.9
Finance lease liabilities							2.8	1.3
CPI								
Bank borrowings	USD	Libor+6%		12/2026	amortizing		286.4	
Revolving	USD	Libor+6%		12/2025	at maturity		8.9	
Deferred issuance costs							-3.6	
TOTAL							**6,524.1**	**7,299.7**
of which non-current portion							***5,896.7***	***5,631.8***
of which current portion							***627.4***	***1,667.8***

(1) *The effective interest rate is calculated inclusive of issue premiums/discounts and bank issuance fees. For bonds that were issued in several stages, the effective interest rate corresponds to the weighted average of the par value issued.*
(2) *See note 5-2.1 "Liquidity risk of Wendel and its holding companies".*

Note 16-1 Operating lease liabilities

Liabilities related to operating leases are broken down among the Group's subsidiaries as follows:

In millions of euros	12/31/2019
Bureau Veritas	418.6
Constantia Flexibles	33.6
Stahl	17.6
Cromology	103.5
Tsebo	6.8
CPI	4.5
Operating subsidiaries	6.5
TOTAL	**591.0**
of which non-current portion	*458.2*
of which current portion	*132.8*

See note 1-1 on the first-time adoption of IFRS 16 "Leases".

Note 16-2 Financial debt maturity schedule

In millions of euros	Less than 1 year	Between 1 and 5 years	> 5 years	Total
Operating subsidiaries				
■ notional amount	-	-287.5	-1,300.0	-1,587.5
■ interest (1)	-28.0	-172.0	-55.4	-255.4
Subsidiaries and associates				
■ nominal	-408.9	-2,533.6	-1,966.0	-4,908.5
■ interest (1)	-153.6	-364.8	-131.4	-649.7
TOTAL	**-590.5**	**-3,357.9**	**-3,452.7**	**-7,401.1**

(1) *Interest is calculated on the basis of the yield curve prevailing on December 31, 2019. Interest on debt and interest rate hedges does not reflect interest earned on invested cash.*

Note 16-3 Market value of gross financial debt

The fair value of bond debt is the market price on December 31, 2019.

In millions of euros	12/31/2019	12/31/2018
Wendel and holdings companies	1,765.8	2,655.6
Operating subsidiaries	4,968.4	4,693.7
TOTAL	**6,734.2**	**7,349.3**

6.9 Notes to the income statement

The accounting principles applied to the aggregates on the income statement are described in note 1-10.2 “Presentation of the income statement”.

NOTE 17 Revenue

The accounting principles applied to revenue are described in note 1-9.16 “Revenue recognition”.

In millions of euros	2019	2018	% Change
Bureau Veritas	5,099.7	4,795.5	6.3%
Constantia Flexibles	1,534.3	1,538.2	-0.3%
Cromology	667.8	665.1	0.4%
Stahl	808.7	866.9	-6.7%
Tsebo	451.8	523.4	-13.7%
TOTAL	**8,562.2**	**8,389.2**	**2.1%**

Consolidated net sales break down as follows:

In millions of euros	2019	2018
Sales of goods	3,002.8	3,066.2
Sales of services	5,559.4	5,323.0
TOTAL	**8,562.2**	**8,389.2**

NOTE 18 Operating income

In millions of euros	2019	2018
Bureau Veritas	721.3	637.2
Constantia Flexibles	6.5	50.7
Cromology	-3.1	-103.0
Stahl	113.0	135.2
Tsebo	-102.1	16.8
Wendel and holding companies	-112.0	-59.8
Other		-1.1
TOTAL	**623.6**	**676.0**

Note 18-1 R&D costs recognized as expenses

In millions of euros	2019	2018
Constantia Flexibles	7.8	9.3
Cromology	2.5	4.0
Stahl	5.8	2.5

Note 18-2 Average number of employees at consolidated companies

	2019	2018
Bureau Veritas	78,395	75,428
Constantia Flexibles	7,915	7,676
Cromology	3,508	3,646
Stahl	1,899	2,010
Tsebo	38,490	37,509
CPI	323	
Operating subsidiaries	91	93
TOTAL	**130,621**	**126,362**

NOTE 19 Finance costs, net

In millions of euros	2019	2018
Income from cash and cash equivalents[(1)]	**5.4**	**-4.1**
Finance costs, gross		
Interest expense	-235.1	-243.7
Interest expense on loans from non-controlling shareholders	-3.3	-9.0
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)[(2)]	-28.1	-16.4
Total finance costs, gross	**-266.8**	**-269.1**
TOTAL	**-261.4**	**-273.2**

(1) This item includes a negative amount of €2 million for Wendel and its holding companies, to which is added €7.4 million from returns on investments of subsidiaries, representing a total income of €5.4 million in 2019 (€-4.1 million in 2018).
(2) In 2019, this item includes €-19.1 million in financial expenses recorded on the operating lease liability recognized under IFRS 16 "Leases" and items calculated without any effect on cash.

NOTE 20 Other financial income and expense

In millions of euros	2019	2018
Dividends received from unconsolidated companies[(1)]	5.1	19.1
Income on interest-rate, currency and equity derivatives	-16.6	30.4
Interest on other financial assets	0.2	1.8
Net currency exchange gains/losses	-20.6	-19.8
Impact of discounting	-7.3	-7.1
Cost of 2020 and 2021 bonds buy-out	-16.8	
Other[(2)]	31.0	-12.9
TOTAL	**-25.2**	**11.5**

(1) This item includes dividends received from Saint Gobain, €4.1 million in 2019 and €18.4 million in 2018.
(2) In 2019, this item includes the reversal of Constantia's "squeeze out" provision and the unwinding of the co-investment of former Materis managers.

NOTE 21 Tax expense

The accounting principles applied to deferred taxes are described in note 1-9.13 “Deferred taxes”.

In millions of euros	2019	2018
Current income tax payable	-266.2	-232.9
Deferred taxes	28.8	59.0
TOTAL	**-237.4**	**-173.9**

The portion of the Tax on the Added Value of Companies (CVAE) is recognized as an income tax, in accordance with IAS 12 and the instruction of the CNC (French National accounting council) of January 14, 2010.

Deferred taxes recognized in the balance sheet result from temporary differences between the carrying amount and tax bases of assets and liabilities on the balance sheet and break down as follows:

In millions of euros	2019	2018
Amount at beginning of the period	**-301.9**	**-400.3**
Income and expenses recognized in the income statement	28.8	59.0
Income and expenses recognized in other comprehensive income	-1.0	2.2
Income and expenses recognized in reserves	42.6	1.5
Reclassification under “Operations held for sale”	3.4	37.0
Changes in scope of consolidation	25.6	-10.3
Currency translation adjustments and other	2.9	9.4
AMOUNT AT END OF THE YEAR	**-199.6**	**-301.9**

Uncapitalized tax losses amounted to €4,934 million for the Group as a whole, of which €4,398 million for Wendel and its holding companies.

As at December 31, 2019, deferred taxes are as follows:

In millions of euros	12/31/2019	12/31/2018
Origin of deferred taxes		
Post-employment benefits	75.4	66.3
Intangible assets	-418.3	-476.9
Recognized tax-loss carryforwards	71.3	65.7
Other items	72.0	43.0
	-199.6	**-301.9**
of which deferred tax assets	***217.2***	***208.3***
of which deferred tax liabilities	***-416.8***	***-510.2***

The difference between the theoretical tax based on the standard rate of 34.43% applicable in France and the actual income tax expense of Wendel, its holding companies and its operating subsidiaries breaks down as follows:

In millions of euros	Wendel and holding companies	Operating subsidiaries	Total
Income before tax expense, net income from equity-method subsidiaries, and net income from discontinued operations and operations held for sale	-136.3	473.3	337.0
Theoretical amount of tax expense calculated on the basis of a rate of -34.43%	**46.9**	**-163.0**	**-116.0**
Impact of:			
Uncapitalized tax losses of Wendel/holding companies and transactions subject to reduced tax rates at the holding company level	-59.2		
Uncapitalized tax losses at the operating subsidiary level		-31.7	
Reduced tax rates and foreign tax rates at the operating subsidiary level		47.1	
CVAE tax paid by operating subsidiaries		-13.9	
Tax on dividends received from consolidated subsidiaries		-16.4	
Other	12.1	-59.3	
ACTUAL TAX EXPENSE	**-43.0**	**-194.3**	**-237.4**

NOTE 22 Net income (loss) from equity-method investments

In millions of euros	2019	2018
IHS	-79.0	-33.8
Constantia Flexibles (Multicolor)	-	-34.6
Allied Universal	-	-63.7
Other companies	0.8	0.6
TOTAL	**-78.2**	**-131.5**

NOTE 23 Net income from discontinued operations and operations held for sale

The accounting principles applied to discontinued or held for sale operations are described in note 1-9.15 "Assets held for sale and businesses being divested".

Note 23-1 Net income from discontinued operations and operations held for sale

Income from the disposal of discontinued operations mainly includes income from the disposal of the stake in Allied Universal (see note 2 "Changes in scope of consolidation") for €644.2 million, as well as income from the disposal of PlaYce for €7.4 million. In addition to these items, Allied Universal's result for the period is a loss of €43.3 million.

The €39.9 million in assets held for sale on the balance sheet include:

- assets at Tsebo related to the ATS business for €48 million; and
- assets at Stahl relating to several businesses in the process of divestment for a net amount of €7.3 million.

Liabilities held for sale appearing on the balance sheet for €15.4 million correspond to liabilities at Tsebo relating to the ATS business.

NOTE 24 Earnings per share

The accounting principles applied to earnings per share are described in note 1-10.3 "Earnings per share".

In euros and millions of euros	2019	2018
Net income, Group share	399.7	45.3
Impact of dilutive instruments on subsidiaries	-0.4	-0.4
Diluted net income	**399.4**	**44.9**
Average number of shares, net of treasury shares	44,505,309	45,412,825
Potential dilution due to Wendel stock options (1)	135,361	287,219
Diluted number of shares	**44,640,670**	**45,700,044**
Basic earnings per share (in euros)	8.98	1.00
Diluted earnings per share (in euros)	8.95	0.98
Basic earnings per share from continuing operations (in euros)	-5.25	-2.76
Diluted earnings per share from continuing operations (in euros)	-5.24	-2.75
Basic earnings per share from discontinued operations (in euros)	14.23	3.75
Diluted earnings per share from discontinued operations (in euros)	14.19	3.73

(1) In accordance with the treasury stock method: it is assumed that the cash received from the exercise of dilutive instruments will be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact.

6.10 Notes on changes in cash position

NOTE 25 Acquisition of property, plant & equipment and intangible assets

In millions of euros	2019	2018
By Bureau Veritas	127.9	131.5
By Constantia Flexibles	105.5	107.0
By Cromology	11.2	28.1
By Stahl	26.8	16.1
By Tsebo	3.8	7.9
By Mecatherm	-	2.2
By CSP technologies	-	6.0
By Nippon Oil Pump	-	0.4
By Wendel and holding companies	1.0	0.4
TOTAL	**276.3**	**299.6**

NOTE 26 Disposal of property, plant & equipment and intangible assets

Disposal of property, plant & equipment and intangible assets includes mainly Bureau Veritas and Cromology disposals amounting to €5.2 million and €3.1 million respectively.

NOTE 27 Acquisition of equity investments

The principal acquisitions undertaken during the period are detailed in note 2 "Changes in scope of consolidation".

In millions of euros	2019	2018
By Bureau Veritas	56.5	112.8
By Constantia Flexibles	5.8	37.5
Stahl	-	50.0
By Stahl	-	2.5
By Tsebo	7.3	2.4
Allied Universal	-	67.5
By Wendel and holding companies	532.1	-
Other	-	10.0
TOTAL	**601.7**	**282.7**

NOTE 28 Disposal of equity investments

In millions of euros	2019	2018
By Constantia Flexibles	148.7	9.0
By Bureau Veritas	6.0	400.0
Allied (1)	634.8	
PlaYce (1)	32.2	
Saint-Gobain*	467.4	
By Tsebo		1.8
CSP		302.8
Globex Africa		125.2
NOP		89.4
Mecatherm		85.6
Other		1.1
TOTAL	**1,289.1**	**1,014.9**

(1) See note 2 "Changes in scope of consolidation".

NOTE 29 Impact of changes in scope of consolidation and of operations held for sale

In 2019, this item corresponds to cash and cash equivalents on businesses sold or to be sold such as HSE Consulting sold in 2019 by Bureau Veritas and ATS to be sold by Tsebo.

In 2018, this item corresponds to cash and cash equivalents at the sale date of the CSP Technologies subsidiaries in the negative amount of €4.3 million and of Nippon Oil Pump in the negative amount of €8.8 million, and the impact of changes in the scope of consolidation at Bureau Veritas of €2.4 million and Constantia Flexibles of €2.5 million.

NOTE 30 Changes in other financial assets and liabilities

In 2019, the amount is mainly explained by the change in Bureau Veritas' financial assets and liabilities.

In 2018, income from cash mainly corresponds to the proceeds from the disposal of short-term investment funds.

NOTE 31 Dividends received from equity-method investments and unconsolidated companies

The dividend received from Saint-Gobain represents an amount of €4.1 million.

The €87.5 million dividend received from Bureau Veritas was eliminated upon consolidation. It was paid in shares (see note 2 "Change in scope of consolidation").

NOTE 32 Net change in borrowings and other financial liabilities

Details of financial debt are shown in note 16 "Financial debt".

In millions of euros	2019	2018
New borrowings by:		
Wendel – Bond issue [1]	300.0	-
Bureau Veritas	720.0	834.6
Constantia Flexibles	2.9	38.5
Cromology	186.7	88.8
Tsebo	11.2	9.3
	1,220.8	**971.2**
Borrowings repaid by:		
Wendel – Repayment of bond issues [1]	1,219.0	349.8
Stahl	66.3	62.6
Bureau Veritas	717.5	166.4
Constantia Flexibles	19.1	37.7
Cromology	323.7	33.0
CSP Technologies	-	8.9
Tsebo	13.6	-
	2,359.2	**658.4**
TOTAL	**-1,138.4**	**312.8**

(1) See note 5-2.1 on liquidity risks of Wendel and its holding companies.

NOTE 33 Other financial income/expense

Other financial income/expense for the year 2019 correspond mainly to:

- disbursements of puts held by non-controlling interests;
- the settlement of the Constantia Flexibles squeeze out litigation;
- €20.4 million in premiums and issue costs paid by Wendel during bond buybacks and issues; and
- €69.9 million in short-term cash investments made on financial instruments that do not meet the accounting definition of cash.

6.11 Other notes

NOTE 34 Off-balance-sheet commitments

As of December 31, 2019, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned.

Note 34-1 Collateral and other security given in connection with financing

In millions of euros	12/31/2019	12/31/2018
Pledge by Constantia Flexibles Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Constantia Flexibles Group.	523.9	530.7
Pledge by Cromology Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Cromology Group.	197.8	334.1
Pledge by Stahl Group entities of shares of the principal companies and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Stahl Group.	488.8	543.0
Pledge by Tsebo Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by Tsebo Group.	126.7	120.4
Pledge by CPI Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by CPI Group.	295.3	
TOTAL	**1,632.4**	**1,528.2**

Note 34-2 Guarantees given and received in connection with asset acquisitions

Guarantees given as part of asset sales

In connection with the sale of CSP Technologies, Mecatherm, Nippon Oil Pump and Parcours, and upon Clariant and BASF's acquisition of an equity stake in Stahl, the Group granted the usual guarantees within certain limits and over periods varying in accordance with the type of guarantee involved. ALD has made a number of claims relating to the disposal of the Parcours Group; they were pending as of December 31, 2019 and their validity is currently being discussed. There are no outstanding claims in respect of other guarantees granted.

Guarantees received in connection with asset acquisitions

In connection with the acquisitions of IHS and Tsebo, and in conjunction with the investment by BASF in Stahl's capital, the Group benefits from customary guarantees within certain limits and over variable periods depending on the type of guarantees involved, some of which may still be invoked. There are no outstanding claims in respect of these guarantees received.

Note 34-3 Off-balance sheet commitments given and received related to operating activities

In millions of euros	12/31/2019	12/31/2018
Market counter-guarantees and other commitments given		
by Bureau Veritas [(1)]	434.9	397.2
by Constantia	2.0	1.6
by Cromology	13.7	13.9
by Tsebo	4.0	3.5
by Stahl	4.3	
TOTAL COMMITMENTS GIVEN	**458.9**	**416.2**

(1) Commitments given by Bureau Veritas included guarantees such as bank and parent company guarantee.

Note 34-4 Subscription commitments

As of December 31, 2019, the Group (Wendel Lab) had undertaken to invest approximately €21.5 million in certain private equity funds.

Note 34-5 Shareholder agreements and co-investment mechanisms

As of December 31, 2019, the Wendel Group was party to a number of agreements governing its relationships with its co-investors, whether co-investors in its unlisted subsidiaries or holdings (Allied Universal, Constantia Flexibles, Crisis Prevention Institute, Cromology, IHS, Stahl and Tsebo) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at aligning their interests with their respective companies' performance (Constantia Flexibles, Crisis Prevention Institute, Cromology, Stahl et Tsebo).

These agreements contain various clauses related to:

- Corporate governance (composition of governing bodies, veto rights on certain strategic decisions and rights to information);
- terms of share transfers (lock-up periods, pre-emptive rights and rights of first refusal, ban on selling to certain individuals);
- anti-dilution rules in the event of transactions involving the share capital;
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO; and
- non-competition and priority commitments involving acquisition opportunities.

The Constantia Flexibles, Stahl, Allied Universal, Tsebo and CPI shareholder agreements also contain the following terms:

- for Constantia Flexibles, the H. Turnauer Foundation, of the founding family of Constantia Flexibles, has the option to request, between 2020 and 2023, that an IPO or a share buyback process by refinancing of the Group be launched, aiming at ensuring the priority liquidity of its stake. Failing such an event, the H. Turnauer Foundation can exercise a put option granted to it by Wendel to sell half of its initial investment at market value, payable in two tranches in cash or in Wendel shares, at the Wendel Group's choice. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts;
- for Stahl, BASF, a minority shareholder, benefits from liquidity commitments granted by Stahl and counter-guaranteed by the Wendel Group in an amount determined on the basis of a predefined margin multiple. These commitments have been recognized in financial liabilities in accordance with accounting principles applicable to minority puts;
- for Allied Universal, the Company and its major shareholders have renewed, in connection with US regulations on Foreign Investment and National Security, (i) various commitments to the US Department of Defense, primarily bearing on the governance of the Company (including the appointment of two "independent" directors approved by the US authorities) and (ii) the commitment (by non-American shareholders) to take additional measures (dilution of their stake or restriction of their governance rights) aiming to dilute the influence of foreign interests in Allied Universal in the event of a situation leading to the imposition of additional constraints in respect of this regulation; and
- for Tsebo, Capital Group, Tsebo's minority shareholder, has the right, beyond a certain investment period, to trigger an IPO, subject to performance, valuation and liquidity conditions; or, failing that, to sell its investment in Tsebo.

The agreements with the management teams (managers or former managers) of subsidiaries (Allied Universal, Constantia Flexibles, Crisis Prevention Institute, Cromology, Stahl and Tsebo) also contain provisions relative to:

- the right to liquidate their coinvestment in successive tranches, in the absence of a sale or IPO beyond a certain period (between the 6th anniversary and 12th anniversary of the completion of the joint investment, depending on the relevant agreement); and
- the handling of executive departures (commitment to sell shares in the event of the departure of an executive from a subsidiary and/or commitment to buy shares in certain specific cases).

Co-investment terms for senior managers in the subsidiary companies are described in greater detail in note 4-2 "Participation of subsidiaries' managers in the performance of their companies".

As part of the liquidity commitments under these agreements, in the absence of a liquidity event (divestment or IPO) before certain predetermined dates, the Wendel Group (depending on the situation, Wendel's holdings or the investments themselves) can be required to buy back or guarantee the buyback of the shares held by subsidiary managers (or former managers) in Constantia Flexibles, Crisis Prevention Institute, Cromology, Stahl and Tsebo. The value applied to these liquidity commitments is the market value determined by the parties or an independent appraiser.

Liquidity mechanisms will also be provided to Wendel managers with exposure, in connection with co-investment mechanisms, to Allied Universal, Constantia Flexibles, IHS Tsebo and CPI (see note 4-1 "Participation of Wendel managers in Group investments").

As of December 31, 2019, based on the value of the investments included in the net asset value or, where appropriate, on the basis of the price formulas or appraisals provided for in these agreements, the value of the portion of the *pari passu* investments made under the same risk and return conditions as Wendel by all the co-investing managers of investments or Wendel benefiting from liquidity rights granted by the fully consolidated companies is €40 million. The value of the portion of non-*pari passu* investments of co-investing managers of subsidiaries and managers of Wendel was €103 million.

In accordance with Group accounting principles, a portion of these amounts is recognized as liabilities of €39 million. The accounting principles applicable to co-investments are described in note 1-9.19 "Accounting treatment of mechanisms for the participation of management teams in the Group's investments".

With regard to non-controlling interests granted to joint shareholders, an overall amount of €276 million is recognized in financial liabilities for put granted by Wendel and its holdings to the H. Turnauer Foundation on its stake in Constantia Flexibles, as well as the put granted by Stahl to BASF.

Co-investment and liquidity commitment values vary with the value of each investment. As a result, they may be lower (or nil) or higher in future fiscal years.

Note 34-6 Other agreements concluded by the Wendel Group for its financing and acquisition or divestment transactions

Subordinated (mezzanine and second lien) lenders to Stahl who waived their claims as creditors during the 2010 restructuring in exchange for a minority interest in the share capital (representing only 0.5% of the capital at December 31, 2019) notably received a right to the capital gain exercisable only upon the total or partial divestment of the Wendel Group's stake in Stahl. This right is exercisable by Stahl's mezzanine and second-lien shareholders in the event of the divestment by the Wendel Group if Wendel's overall return is more than 2.5 times greater than its 2010 re-investment. It is equivalent to the allocation of 1 to 2 bonus shares per share held by these former subordinated lenders. In accordance with accounting standards, this commitment is not recognized on the balance sheet, as the exercise of this right depends on the Wendel Group's decision to divest.

As part of the syndication with Capital Group of a minority investment in the Tsebo Group, the Wendel Group enjoys a right to receive an additional amount on the portion transferred in this manner subject to the achievement by Capital Group of minimum profitability thresholds over the duration of its investment in Tsebo in case of divestment. The Group has a similar right to the investment made by Maxburg in Constantia Flexibles. These rights were recognized within financial assets whose change in value is recognized on the income statement.

As part of the initial investment in Tsebo Group's South African entities by an investor meeting the criteria set by local B-BBEE regulations ("Broad-Based Black Economic Empowerment" business incentive program to support the economic development of black people in South Africa), Wendel guaranteed the repayment obligations relating to acquisition financing contracted by this investor, thereby helping maintain Tsebo's "B-BBEE level 1" rating. This guarantee from Wendel represented, at December 31, 2019 a total guaranteed amount of about ZAR431 million (€27 million), with it being specified that in the case of the guarantee being invoked against Wendel, the latter will be able to call on Capital Group to bear the percentage of the cost corresponding to its stake in Tsebo. In accordance with accounting rules, there was a provision in the accounts for this guarantee.

Note 34-7 Leases

Apart from the transactions described below, no lease is likely to have a significant impact on Wendel's financial position.

In millions of euros	12/31/2019	12/31/2018
More than 5 years	115.0	97.0
1 to 5 years	279.7	246.4
Less than 1 year and accrued interest	113.9	130.3
TOTAL	**508.6**	**473.7**

These contracts give rise to the entry of a fixed asset and financial debt on the balance sheet in accordance with IFRS 16 "Leases" (see paragraph on the first application of IFRS 16 in note 1.1 "Standards, interpretations and amendments to existing standards that were mandatory in 2019").

NOTE 35 Stock options, bonus shares and performance shares

The accounting principles applied to stock options, bonus shares and performance shares are described in note 1-9.18 "Stock subscription and stock purchase option plans".

The total expense related to allocation of stock options or other share-based compensation for fiscal year 2019 was €24.6 million compared to €29.3 million in 2018.

In millions of euros	2019	2018
Stock options at Wendel	1.1	3.0
Grant of bonus shares at Wendel	2.1	5.5
Stock options at Bureau Veritas	2.1	2.5
Grant of bonus shares at Bureau Veritas	19.3	18.3
TOTAL	**24.6**	**29.3**

Pursuant to the authorization given by shareholders at their May 16, 2019 General Meeting, options giving the right to subscribe to 145,944 shares were allocated on July 8, 2019 with a strike price of €119.72 and a ten-year life. These options have the following features:

- a presence condition: the definitive allocation of all the options is subject to a presence condition of 2 years;
- a performance condition: each beneficiary will be able to exercise the options when the following performance conditions have been met:
  - the ordinary annual dividend from 2020 must be greater than or equal to the dividend paid the previous year,
  - the stability or growth of the ordinary dividend from one year to the next will be checked for each of the years at the end of the two years following the initial allocation date.

In 2019, these options were valued with a Monte-Carlo model, with the following main assumptions: an expected rate of return of 2%, and a central expected volatility of 22%. These options were valued by an independent expert at €17.0 per stock option. The expense has been spread over the options' vesting period.

Under the authorization granted by shareholders at their May 16, 2019 General Meeting, the following performance shares plan was also granted on July 8, 2019:

- a service condition: the definite allocation of the performance shares is subject to a two-year service condition;
- a performance condition: the definite allocation of performance shares is subject to three conditions:
  - for 1/3 of the initial allocation, an absolute performance condition linked to Wendel's Total Shareholder Return over 3 years,
  - for 1/3 of the initial allocation, a performance condition linked to the Total Shareholder Return from the Wendel share over 3 years compared with the Total Shareholder Return of the SBF 120 index, and
  - for 1/3 of the initial allocation, a performance condition linked to the Total Shareholder Return from the Wendel share over 3 years compared with the Total Shareholder Return of a panel of 13 comparable listed investment companies.

These performance shares were valued with a Monte-Carlo model, with the following main assumptions: an expected rate of return of 2%, and expected returns from equity markets of 7.56%. The value of these performance shares has been estimated at €81.9 per performance share by an independent expert. The expense has been spread over the options' vesting period.

Under the authorization granted by shareholders at their May 16, 2019 General Meeting, the following performance shares plan was also granted on July 8, 2019:

- a service condition: the definite allocation of the performance shares is subject to a four-year service condition;
- a performance condition: the definite allocation of performance shares is subject to the following conditions:
  - the ordinary annual dividend from 2020 must be greater than or equal to the dividend paid the previous year,
  - the stability or growth of the ordinary dividend from one year to the next will be checked for each of the years at the end of the period corresponding to the presence condition (4 years).

These performance shares were valued with a Monte-Carlo model, with the following main assumptions: an expected rate of return of 2%, and expected returns from equity markets of 7.56%. The value of these performance shares has been estimated at €111.6 per performance share by an independent expert. The expense has been spread over the options' vesting period.

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2018	Options granted in 2019	Options canceled in 2019	Options exercised in 2019	Adjustment	Number of options outstanding as of 12/31/2019	Exercise price (in euros)	Average exercise price (in euros)	Average residual life	Number of exercisable options
Stock purchase options	8,572	-	-	-8,572	-	-	22.58	22.58	-	-
Stock purchase options indexed to NAV/share	696,570	-	-149,872	-39,288	-	507,410	from 44.32 to 134.43	87.45	5.20	322,017
Stock subscription options indexed to NAV/share	20,950		-	-20,950	-	-	18.96	18.96	-	-
Stock subscription options	-	145,944	-	-	-	145,944	119.72			-
	726,092	**145,944**	**-149,872**	**-68,810**	**-**	**653,354**				

Performance shares	Shares awarded as at 12/31/2018	Awards during the fiscal years	Definitive awards	Cancellations	Shares awarded as at 12/31/2019	Grant date	Vesting date
Plan 9-1	60,613	-	-30,064	-30,549	-	07/07/2017	08/07/2019
Plan 10-1	130,860	-	-	-20,947	109,913	06/07/2018	06/06/2021
Plan 11-1	-	91,833	-	-10,837	80,996	08/07/2019	08/07/2022
Plan 11-2	-	62,480	-		62,480	08/07/2019	10/07/2023
	191,473	**154,313**	**-30,064**	**-62,333**	**253,389**		

NOTE 36 Fees paid by the Group to the Statutory Auditors and members of their networks

	Services rendered in 2019 by	
In thousands of euros	Deloitte Audit and Deloitte network entities	Ernst&Young Audit and EY network entities
Certification, review of parent company financial statements		
■ for Wendel SE	847	888
■ for its subsidiaries	2,507	4,001
Sub-total	**3,354**	**4,889**
Services other than certification of financial statements		
■ for Wendel SE	190	119
■ for its subsidiaries	474	968
Sub-total	**664**	**1,087**
TOTAL	**4,018**	**5,976**

Services during the year other than the Statutory Auditors' verification of the financial statements of Wendel SE and the companies over which the latter exercises control are related, for Ernst&Young Audit, to certifications, agreed procedures, information system reviews and consultations, and for Deloitte Audit, legal and tax services, due diligence, agreed procedures, social benefits, certifications.

NOTE 37 Subsequent events

Impact of Covid-19

Wendel is closely monitoring the impacts of the Covid-19 epidemic on the activity and financial structure of its subsidiaries and associates, and on the Group. Some of the Group's subsidiaries and associates are active in the regions most affected at the accounts closing date. 8.8% of 2019 consolidated revenues is generated in China and 3.5% in Italy. The Covid-19 virus epidemic does not have an impact on the accounting and financial situation of the Group at December 31 described in these consolidated financial statements since it is a post-closing event. The Group has taken the appropriate measures to protect its employees.

NOTE 38 List of principal consolidated companies as of December 31, 2019

Method of consolidation	% of interest net of treasury shares	Company name	Country	Business segment
FC	**100**	**Wendel**	**France**	**Management of shareholdings**
FC	100	Coba	France	Management of shareholdings
FC	100	Eufor	France	Management of shareholdings
FC	100	Sofiservice	France	Management of shareholdings
FC	100	Waldggen	France	Management of shareholdings
FC	100	Wendel Japan	Japan	Services
FC	99.5	Africa Telecom Towers	Luxembourg	Management of shareholdings
FC	100	Constantia Coinvestco GP	Luxembourg	Services
FC	100	CSP Technologies Parent	Luxembourg	Management of shareholdings
FC	99.6	Expansion 17	Luxembourg	Management of shareholdings
FC	100	Wendel Lab	Luxembourg	Management of shareholdings
FC	99.5	Global Performance 17	Luxembourg	Management of shareholdings
FC	100	Ireggen	Luxembourg	Management of shareholdings
FC	100	Materis Investors	Luxembourg	Management of shareholdings
FC	100	Mecatherm GuarantCo	Luxembourg	Management of shareholdings
FC	99.5	Oranje-Nassau Développement SCA FIAR	Luxembourg	Management of shareholdings
FC	100	Oranje-Nassau Développement NOP	Luxembourg	Management of shareholdings
FC	100	Oranje-Nassau GP	Luxembourg	Services
FC	100	Oranje-Nassau Mecatherm	Luxembourg	Management of shareholdings
FC	100	Oranje-Nassau Parcours	Luxembourg	Management of shareholdings
FC	100	Matsa	Luxembourg	Management of shareholdings
FC	100	Trief Corporation	Luxembourg	Management of shareholdings
FC	100	Winvest Conseil	Luxembourg	Services
FC	100	Winvest International SA FIAR	Luxembourg	Management of shareholdings
FC	100	Win Securitization 2	Luxembourg	Management of shareholdings
FC	100	NOP Europe	Belgium	Management of shareholdings
FC	100	Wendel North America	United States	Services
FC	100	Wendel London	United Kingdom	Services
FC	100	Wendel Africa	Morocco	Services
FC	100	Wendel Singapore	Singapore	Services
FC	**60.6**	**Constantia Flexibles and its subsidiaries**	**Austria**	**Flexible packaging**
FC	**35.9**	**Bureau Veritas and its subsidiaries**	**France**	**Certification and verification**
FC	**95.9**	**Cromology and its subsidiaries**	**France**	**Paint manufacturing and distribution**
FC	**67.5**	**Stahl and its subsidiaries**	**Netherlands**	**High-performance coatings and leather-finishing products**
E	**21.3**	**IHS Holding and its subsidiaries**	**Mauritius**	**Mobile telephone infrastructure in Africa**
FC	**63.8**	**Tsebo and its subsidiaries**	**Africa**	**Services to businesses in Africa**
FC	**96.0**	**CPI and its subsidiaries**	**United States**	**Crisis prevention training**

FC: Full Consolidation. Wendel exercises exclusive control over these companies.
E: Companies accounted for by the equity method. Wendel exercises significant influence over or joint control of these companies.

The complete list of consolidated companies and companies with an ownership interest is available on the Group's official website at the following address: http://www.wendelgroup.com/fr/information-reglementee.

6.12 Statutory auditors' report on the consolidated financial statements

(For the year ended 31 December 2019)

To the annual general meeting

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Wendel for the year ended 31 December 2019.

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 as at 31 December 2019 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 those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Emphasis of Matter

We draw your attention to Note 1-1 to the consolidated financial statements which describes the impact of the first-time application, as from 1 January 2019, of standard IFRS 16 "Lease" and interpretation IFRIC 23 "Uncertainty over Income Tax Treatments". Our opinion is not modified in respect of this matter.

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 risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Accounting treatment of acquisition and divestment of portfolio companies

Risk identified	Our response
As part of its investment activity, Wendel regularly sells portfolio companies. The main transactions undertaken by Wendel in 2019 were the divestment of 79% of its equity stake in Allied Universal in December 2019, the divestment of Saint Gobain shares, generating net gain on disposal of, respectively, € 645 million and € 56,5 million. Moreover, on December 23, 2019, Wendel has acquired Crisis Prevention Institute (CPI) from FFL Partners for an enterprise value of $ 910 million. These transactions are described in Notes 2-1. and 38 to the consolidated financial statements. We deemed the accounting treatment of divestments to be a key audit matter as they are significant events of the period. We considered the recognition and presentation of the acquisition of CPI to be a key audit matter given the material amount of the assets acquired and liabilities assumed and the judgment required to identify and measure assets and liabilities in accordance with IFRS 3.	We held discussions with the Finance department, the investment teams and the Legal department in order to gain an understanding of the transactions, particularly the different stages leading respectively to the acquisition and divestment, and the main agreements with the stakeholders. We obtained and evaluated whether the main legal documents and analyses carried out by Wendel or its advisors in relation to these divestments, such as divestment agreements, details of cash flows and commitments granted, had been properly reflected in the consolidated financial statements. ■ Regarding the divestment of Allied Universal, we reperformed the calculation of the gain on disposal determined on the Wendel entire ownership interest. Based on our review of the shareholders agreement concluded with the new stakeholders, and in accordance with IAS 28, we assessed the loss of control and influence resulting from the transaction. We finally reviewed the presentation of the 6% remaining stake as a financial asset under IFRS 9. ■ Regarding the sale of 14.1 million of Saint Gobain shares, we verified the calculation of the gain on disposal and its presentation in the consolidated financial statements in accordance with IFRS 9. ■ For the acquisition of CPI, we gained an understanding of the terms of the acquisition agreement and the processes implemented by management to analyze and recognize the acquisition of CPI and its opening balance sheet.

Measurement of goodwill

Risk identified	Our response

As of December 31, 2019 the Goodwill net book value amounts to € 4 112 million, i.e. 28% of the total balance sheet. Goodwill is broken down by Cash Generating Units (CGUs) corresponding to each operating subsidiary (Bureau Veritas, Constantia Flexibles, Stahl, Cromology, Tsebo, CPI).
An impairment loss is recognized if the recoverable amount of goodwill as determined during the annual impairment test carried out on each CGU or group of CGUs, falls below its carrying amount. In addition, when an impairment loss is recognized by the operating subsidiary on one of its CGU or group of CGUs, this loss is maintained in Wendel's consolidated financial statements, as described in Note 1-9.1 to the consolidated financial statements.
As described in Note 7 to the consolidated financial statements, as a result of the impairment tests performed by the management of Wendel and/or its subsidiaries, an impairment of goodwill of € 75,8 million was recognized for the year ended December 31, 2019.
We determined the measurement of goodwill is a key audit matter due to its significance in the Group's financial statements and because determining its recoverable amount, usually on the basis of discounted future cash flow forecasts, requires management to exercise a high degree of judgment and estimation.
	We examined the process implemented by the management of Wendel and that of the operating subsidiaries to carry out impairment tests.
	We examined the annual goodwill impairment tests carried out by Wendel and its operating subsidiaries with the assistance, when appropriate, of the subsidiaries' auditors and with the support of our valuation experts. We adjusted the extent of our work to take into account the level of impairment risk of the CGUs or groups of CGUs
	■ For the CGUs or groups of CGUs presenting an impairment risk, our work consisted in:
	  ■ Assessing the compliance of the methodology applied by Wendel and its subsidiaries with applicable accounting standards;
	  ■ Examining the projected cash flows in relation to the economic and financial environment in which the CGUs or groups of CGUs operate;
	  ■ Assessing the quality of the process used to determine the projections by analyzing the reasons for any differences between past forecasts and actual outcomes;
	  ■ Assessing the consistency of the long-term growth rates used with available market analyses and the operating margin rate used in terminal year with the margin rates of actual and historic flows;
	  ■ Assessing the different components of the discount rates used;
	  ■ Verifying the calculation of the sensitivity of the recoverable amount of the CGUs or groups of CGUs to changes in the main assumptions used (long-term growth rate, margin rate used in the terminal year and discount rate).
	■ For the other CGUs or groups of CGUs, our work consisted in holding discussions with the management of Wendel and/or the operating subsidiary to assess the reasonableness of the cash flows and key assumptions used (long-term growth rate, operating margin used in terminal year and discount rates);
	We also assessed the appropriateness of the disclosures provided in Notes 1-9.1 and 7 to the consolidated financial statements, in particular those related to the sensitivity analysis carried out by Wendel's management.

Contribution of equity-method investments to the Group's consolidated net income

Risk identified	Our response
As of December 31, 2019, equity-method investments amounted to €294 million in the consolidated balance sheet and their contribution to consolidated net income was a loss of € (78) million as detailed in Notes 10 and 22 to the consolidated financial statements. Net income from equity-method investments mainly comprised Wendel's investment in the company IHS. As Wendel's management considers that the Company exercises significant influence on IHS, this company is recognized using the equity method. Equity-method investments represent a significant share of Wendel's investments. We deemed their contribution to Group net income to be a key audit matter, because, given the lack of majority control over these companies, the availability and the degree of detail of financial information required by Wendel to prepare its consolidated financial statements are more limited than for controlled subsidiaries, thereby increasing the complexity of analyzing their contributions.	We held discussions with Wendel's Finance Department to gain an understanding of the procedures implemented by the Company to verify the quality of the IHS financial information used to prepare Wendel's consolidated financial statements (the "Financial Information"). We transmitted detailed instructions to the auditors of IHS and obtained an audit opinion on the Financial Information as well as a summary of the significant issues identified as part of their work. We held discussions with the auditors of this equity investment concerning the audit risks, the extent of their diligences, the nature of the procedures implemented and their findings. Where appropriate, we examined some items in their working files. In addition, we assessed the appropriateness of the disclosures provided in Notes 10 and 22 to the consolidated financial statements.

Accounting treatment of mechanisms for the participation of management teams in the Group's investments

Risk identified	Our response
As described in Note 4 to the consolidated financial statements, Wendel has set up co-investment mechanisms to allow its managers and managers of unlisted subsidiaries (Constantia Flexibles, Cromology, Stahl, Allied Universal, Tsebo and CPI) to invest their personal funds in assets in which the Group invests. In the event of a divestment or an IPO, the managers receive a share of the capital gain or may lose their investment if a certain level of return is not achieved. Several years after the initial investment, in the absence of a divestment or an IPO, Wendel is committed to buy back the share invested by the managers in order to ensure liquidity. The accounting treatment of these mechanisms is based on their settlement method. Until the settlement method is not definitive, the investments are accounted for based on the settlement method determined as most likely. This accounting treatment is described in Note 1-9.19 to the consolidated financial statements. Accordingly, as of December 31, 2019, the related financial liabilities for the not settled co-investment mechanisms amounted to € 39 million. The commitments to buy back the share invested by managers of Wendel and subsidiaries disclosed as off-balance sheet commitments amount to € 40 million for "pari passu" investments with the same profile of risk and return as Wendel, and amount to € 103 million for non "pari passu" investments, as described in Note 34-5 to the consolidated financial statements. We deemed the accounting treatment of mechanisms for the participation of management teams in the Group's investments to be a key audit matter because: ■ The accounting treatment of these mechanisms is complex; ■ The recognition or not of a liability reflecting the commitment to buy back the share invested by the managers at their fair value (depending on the settlement method considered the most likely as of December 31, 2019) requires a high degree of judgment from management; ■ These investments are made by managers, some of whom are related parties.	We held discussions with Wendel's management to gain an understanding of the co-investment mechanisms put in place by Wendel and its operating subsidiaries. For each co-investment mechanism identified, we obtained the main legal documents and analyzed the conformity of the accounting treatment applied by Wendel with the Group's accounting policies, as set out in Note 1-9.19 to the consolidated financial statements. For the co-investment mechanisms for which the most likely redemption is a disposal or an IPO, we assessed the reasoning underlying management's decision not to recognize a liability by looking at the redemption of previous co-investments. In this case, we paid particular attention to the co-investment mechanisms for which the liquidity commitment granted by Wendel to its managers will end soon, by determining in particular through our consultation of the minutes of meeting of the governing bodies (Executive Board and Supervisory Board), whether a disposal or an IPO is in progress. Otherwise, we verified that a liability has been recognized. We also assessed the appropriateness of the disclosures provided with respect to off-balance sheet commitments set out in Note 34-5 to the consolidated financial statements and those concerning transactions with related parties set out in Note 3.1, and controlled that the value of the commitments to buy back the amounts invested by the managers was determined according to the measurement method described in Note 34-5.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the Executive Board's 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 consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (Code de commerce) is included in the management report, it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Wendel by the annual general meeting held on 16 May 2019 for Deloitte & Associés and on 15 November 1988 for ERNST & YOUNG Audit.

As at 31 December 2019, Deloitte & Associés and ERNST & YOUNG Audit were in the first year and thirty-second year of total uninterrupted engagement respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from 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 is expected 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 risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives 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 from 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 of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;

- Obtains an understanding of internal control 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;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- Assesses 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 his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtains 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 auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

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, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore 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) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics (Code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 18, 2020

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

7

PARENT COMPANY FINANCIAL STATEMENTS

7.1 Balance sheet as of December 31, 2019

Assets

In thousands of euros		12/31/2019			12/31/2018
		Amounts gross	Amortization or impairment	Amounts gross	Amortization or impairment
Non-current assets					
Intangible assets and property, plant & equipment		**17,922**	**15,603**	**2,319**	**1,937**
Non-current financial assets[1]					
Investments in subsidiaries and associates	Note 1	10,852,116	3,283,375	7,568,741	4,483,574
Other long-term investments		34	-	34	34
Treasury shares	Note 2	42,237	466	41,771	46,517
Loans and other non-current financial assets		579	-	579	523
		10,894,965	3,283,841	7,611,124	4,530,648
TOTAL		**10,912,887**	**3,299,444**	**7,613,443**	**4,532,586**
Current assets					
Trade receivables[2]		8,547	-	8,547	5,852
Other receivables[2]	Note 3	114,237	1,780	112,457	1,534,192
Financial instruments	Note 9	14,365	-	14,365	54,689
Marketable securities	Note 4	948,569	-	948,569	1,942,020
Treasury shares	Note 4	64,001	-	64,001	60,752
Cash		159,604	-	159,604	116,457
Prepaid expenses		1,518	-	1,518	1,050
TOTAL		**1,310,841**	**1,780**	**1,309,061**	**3,715,012**
Deferred expenses		17,797	13,327	4,470	5,959
Original issue discounts		5,616	2,983	2,633	2,954
TOTAL ASSETS		**12,247,141**	**3,317,533**	**8,929,608**	**8,256,512**

(1) Of which less than one year.
(2) Of which more than one year.

Liabilities

In thousands of euros		12/31/2019	12/31/2018
SHAREHOLDERS' EQUITY			
Share capital		178,729	185,123
Share, merger or contribution premium		53,271	50,940
Legal reserve		20,224	20,224
Regulated reserves		101,870	101,870
Other reserves		2,250,000	2,250,000
Retained earnings		2,668,852	2,648,192
Net income for the year		1,865,893	340,383
TOTAL	**Note 5**	**7,138,839**	**5,596,732**
Provisions for risks and contingencies	**Note 6**	**47,491**	**23,677**
Financial debt(1)	Note 7	1,698,661	2,558,630
Other current liabilities	Note 8	27,235	22,482
TOTAL(2)		**1,725,896**	**2,581,112**
Issue premiums on borrowings		3,016	4,405
Valuation differences on treasury instruments	Note 9	14,365	50,585
TOTAL EQUITY AND LIABILITIES		**8,929,608**	**8,256,512**

(1) Of which short-term bank borrowings.	*-*	*-*
(2) Of which less than one year.	*125,896*	*773,712*
Of which more than one year.	*1,600,000*	*1,807,400*

7.2 Income statement

In thousands of euros		2019	2018
Income from investments in subsidiaries and associates and long-term equity portfolio	**Note 11**	**5,238,799**	**500,006**
Other financial income and expense	**Note 12**		
Income			
■ Income from loans and invested cash		8,312	21,618
■ Provisions reversed		10,786	19,208
Expenses			
■ Interest and similar expenses		75,885	118,432
■ Depreciation, amortization and provisions		7,476	9,944
NET FINANCIAL INCOME		**5,174,535**	**412,456**
Operating income	**Note 13**		
Other income		15,661	12,718
Provisions reversed and expenses transferred		2,401	2,388
Operating expenses			
Purchases and external services		17,581	15,098
Taxes and equivalent		2,639	2,019
Wages and salaries	Note 14	18,630	12,183
Social security costs		9,402	8,743
Depreciation & amortization and deferred expenses		3,914	4,086
Miscellaneous expenses		1,161	1,070
OPERATING INCOME		**-35,265**	**-28,094**
NET INCOME BEFORE EXCEPTIONAL ITEMS AND TAX		**5,139,270**	**384,362**
Exceptional income			
On operating transactions		10	87
On capital transactions		156	1
Provisions reversed		56,967	11,647
Exceptional expenses			
On operating transactions		19,884	905
On capital transactions		-	-
Provisions recognized		3,313,512	57,315
EXCEPTIONAL ITEMS	**Note 15**	**-3,276,262**	**-46,485**
INCOME TAXES	**Note 16**	**2,885**	**2,505**
NET INCOME (LOSS)		**1,865,893**	**340,383**

7.3 Cash flow statement

In thousands of euros		2019	2018
Cash flows from operating activities, excluding tax			
Net income		1,865,893	340,383
Depreciation, amortization, provisions and other non-cash items		3,262,417	47,365
Gains/losses on divestments		-156	-1
Financial income and expense		-5,158,026	-412,456
Taxes		-2,885	-2,505
Cash flows from operating activities before net finance costs and tax		-32,757	-27,214
Change in working capital requirement related to operating activities		1,363	-812
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX		**-31,394**	**-28,027**
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets		-798	-303
Disposal of property, plant & equipment and intangible assets		3	1
Acquisition of equity investments	Note 1	-6,368,521	0
Disposal of equity investments	Note 1	424	0
Changes in other financial assets and liabilities and other		-56	-75
Dividends received	Note 11	5,238,799	500,006
Change in working capital requirements related to investment activities		0	-1,387
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX		**-1,130,148**	**498,242**
Cash flows from financing activities, excluding tax			
Capital increase	Note 5	2,519	2,398
Treasury share buybacks and cancellations	Note 2	-196,703	-60,972
Dividends paid	Note 5	-123,658	-120,534
New borrowings		299,523	-
Repayment of borrowings	Note 7	-1,239,219	-349,800
Net change in intraGroup assets and liabilities		1,539,653	746,500
Net finance costs		-59,677	-63,937
Other financial income/expense	Note 12	-1,050	-14,038
Change in working capital requirements related to financing activities		-13,957	-16,675
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX		**207,431**	**122,943**
Income taxes	Note 16	2,885	2,505
Change in tax assets and liabilities		922	14,141
NET CASH FLOWS RELATED TO TAXES		**3,807**	**16,647**
Effect of currency fluctuations		-	-
CHANGE IN CASH AND CASH EQUIVALENTS		**950 304**	**609 804**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD[1]		**2,058,478**	**1,448,673**
CASH AND CASH EQUIVALENTS AT END OF PERIOD[1]		**1 108 173**	**2,058,478**

(1) Cash and cash equivalents included marketable securities (excluding Wendel treasury shares), cash, and bank borrowings.

7.4 Notes to the parent company financial statements

7.4.1 Highlights of the year

Dividends received from subsidiaries

The Company received an interim current account dividend of €1,450 million from its subsidiary Oranje-Nassau Groep and a €3,789 million interim dividend from its subsidiary Trief Corporation in the form of shares in the company with a stake in Bureau Veritas and shares in unlisted investments as part of the simplification of Group structures.

Capital and dividend paid

At their General Meeting of May 16, 2019, shareholders approved the payment of a cash dividend of €2.80 per share. The total dividend paid was €123.7 million.

During the fiscal year, the Company repurchased 1,645,338 of its own shares for a total amount of €202.7 million, all of which was canceled by means of a capital reduction.

The Company transferred a total of 105,936 shares with a total value of €12.8 million from non-current financial assets to marketable securities to cover stock option plans and share award plans for which the performance conditions have been met. Wendel also sold 77,924 of its own shares during the fiscal year for a total of €7.2 million in connection with the exercise of options and the grant of performance shares to employees.

As of December 31, 2019 the Company held 908,950 Wendel shares, including 345,645 held as long-term investments, 489,505 as marketable securities and 73,800 held under the liquidity contract.

Financing

On April 26, 2019, the Company carried out a bond issue for a nominal amount of €300 million with a maturity date of April 26, 2026, a coupon of 1.375% and an issue price of 99.841%.

On May 23, 2019, the Company prematurely redeemed the bonds maturing in January 2021 and April 2020 for a total nominal amount of €507.4 million at a price of €527.2 million.

On July 31, 2019, the Company redeemed in cash its bonds exchangeable for Saint-Gobain securities for a nominal amount of €500 million.

On September 17, 2019, the Company repaid a matured bond for a total nominal amount of €212 million.

As of December 31, 2019, the syndicated loan of €750 million was not drawn. Its covenants were met.

Intragroup assets and liabilities

The €1,492 million decrease in net receivables from subsidiaries derived mainly from the following factors:

- an overall increase in amounts borrowed from subsidiaries of €1,141.6 million, related mainly to:
  - gains from disposals by its subsidiaries of shares of Saint-Gobain (€468.1 million), CSP Technologies for the amount of the escrow (€3 million), PlaYce (€32 million) and Allied Universal (€634.8 million), and
  - dividends from Saint-Gobain received by subsidiaries during the fiscal year (€4.1 million);
- an increase in loans to subsidiaries for a total amount of €730.8 million, dedicated mainly:
  - the financing of the capital injection into Cromology (€125 million) in May 2019, and
- the financing of the acquisition of CPI (€527.8 million) carried out in December 2019;
- distribution of an interim dividend of €1,450 million from Oranje-Nassau Groep charged to the current account and the capital increase of Trief Corporation by debt capitalization for an amount of €2,579.5 million;
- impact of the depreciation of the current account of its subsidiary holding Saint-Gobain shares for €47.0 million.

These financial statements were finalized by Wendel SE's Executive Board on March 11, 2020.

7.4.2 Accounting principles

The balance sheet and income statement have been prepared in accordance with the accounting standards prescribed by the French chart of accounts in effect, applying the same exceptions as in previous years.

The two exceptions to the policies set out in the French chart of accounts are as follows:

- substitution of "Net financial income" as the sub-total representing the Company's activity for "Operating income", as defined by the chart of accounts;
- recognition of all capital transactions on assets other than marketable securities in "Exceptional items". Regarding marketable securities, changes in provisions for impairment and gains and losses on disposal are recognized in "Net financial income".

The valuation methods applied remain unchanged compared to those of prior years.

The gross value of items included in non-current assets corresponds to their acquisition cost or the cost at which they were contributed to the Company, excluding ancillary costs.

Use of estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on an appreciation of the facts and circumstances existing at the balance sheet date, as well as on information available as of the date the accounts were finalized. They are based on the Executive Board's past experience and various other factors deemed reasonable, such as market data and expert valuations, and are reviewed on a regular basis. The uncertainty has complicated forecasting, and actual amounts could therefore be different from the forecasts. The most significant estimates used in preparing these financial statements concern mainly investments in subsidiaries and associates and the recoverability of receivables.

Subsidiaries and associates

The initial value of investments in subsidiaries and associates is historical cost. Internal indicators of loss in value are reviewed annually for each investment. In the event of an indication of loss in value, valuations are updated. The valuation method used depends on the type of business (operating or holding company) and can be based on the ownership share of the net book value of the entity or of the net asset value after revaluation. In this case, the valuation can be based on a variety of methods, including discounted future cash flows, a multiple of sales or income, external transactions on similar companies, stock market values, etc. When the carrying value falls below net book value, an impairment loss is recognized on the difference.

Loans and receivables

Loans and receivables are valued at face value. An impairment loss is recognized if there is a probability of non-recovery. Loans and receivables related to investments are written down if the net asset value of the subsidiary concerned (or the net book value if it is deemed representative of the recoverable value) becomes negative.

Issue and redemption premiums, and debt issuance costs

Issue and redemption premiums are generally amortized using the effective interest method over the term of the corresponding loan. Debt issuance costs are spread over the term of the loan in accordance with the preferential method recommended by CRC Regulation No. 99-02.

Interest rate derivatives

Financial gains and losses arising on interest rate swaps are recognized in the profit and loss account when realized or incurred. A provision for losses is recognized when the value of the swaps is negative and when the swaps do not qualify as hedging instruments.

Currency derivatives

Certain Group investments operate in several countries, and as a result, derive a share of their earnings in currencies other than the euro, notably the U.S. dollar. The subsidiaries with the greatest exposure to the U.S. dollar are Bureau Veritas, Constantia Flexibles, Stahl, IHS, Allied Universal and CPI. In early 2016, given the exposure of these assets to the dollar, €800 million of Wendel SE bond debt was synthetically swapped to debt denominated in dollars using derivative instruments (cross currency swaps).

Wendel SE applies the ANC Regulation 2015-05, relating to forward financial instruments and hedging transactions, published by France's national accounting body on July 2, 2015 and applicable from January 1, 2017, which requires unhedged "isolated open positions" to be recognized at fair value. Derivatives must be recognized at their fair value as "Treasury instruments" on the balance sheet in order to show the Company's position. Changes in the value of these derivatives are recognized against prepayment and accruals accounts on the balance sheet "Valuation differences on treasury instruments – assets or liabilities". There is no impact on net income.

When the value of these instruments is negative, a provision for risks and contingencies is recognized for this negative amount.

Marketable securities

Marketable securities are measured using the "first-in, first-out" method. A provision for impairment is recognized if the net book value of the securities is greater than market value.

Accounting for transactions in foreign currencies

Receivables and payables denominated in foreign currencies are converted into Euros at the year-end exchange rate. Currency translation differences on items that have not been hedged for exchange rate risks are recognized as currency translation adjustments within assets or liabilities. A provision is made for unrealized foreign exchange losses.

Provisions for pensions

Obligations related to retirement bonuses and defined-benefit pension schemes are determined at each balance sheet date taking into account the age of the Company's employees, their length of service and the likelihood that they will remain at the Company until they retire. The calculation is based on an actuarial method. A provision is recognized for the portion of the obligation that is not covered by plan assets.

7.4.3 Notes to the balance sheet

NOTE 1 Investments in subsidiaries and associates

In thousands of euros	% Interest 12/31/2018	% Interest 12/31/2019	Net amounts 12/31/2018	Acquisitions and subscriptions	Divestments and mergers	Change in provisions	Net amounts 12/31/2019
French associates							
Sofiservice	100.00	100.00	79			-19	60
Eufor		100.00	-	3,788,797		-14,334	3,774,463
Other	-	-	-	270	-270		-
Non-French associates							
Trief Corporation	100.00	100.00	3,860,178	2,579,454		-3,101,630	3,338,002
Trief Corporation - technical merger loss	100.00	100.00	384,960				384,960
Oranje-Nassau Groep	100.00	100.00	238,320			-167,089	71,231
Other			37			-12	25
TOTAL			**4,483,574**	**-**	**-**	**-3,283,084**	**7,568,741**

(1) As part of the simplification of the Group's structures, the Company received Trief Corporation shares by offsetting intragroup receivables in the amount of €2,579,454 thousand. Wendel also received from Trief Corporation a dividend in kind of Eufor shares, holding the Group's 35.57% stake in Bureau Veritas, in the amount of €3,788,797 thousand.

(2) As at December 31, 2019, the Company analyzed the value of investments in subsidiaries and associates on the basis of their net asset value. This analysis led the Company to impair Trief Corporation shares in the amount of €3,101,630 thousand following the interim dividend paid by this company, Eufor shares for €14,334 thousand and Oranje-Nassau Groep shares for €167,089 thousand.

NOTE 2 Treasury shares

In thousands of euros	% Interest 12/31/2018	% Interest 12/31/2019	Net amounts 12/31/2018	Acquisitions	Divestments	Account transfers	Change in provisions	Net amounts 12/31/2019
Wendel shares	0.98%	0.77%	46,517	202,646		-215,509	8,117	41,771
TOTAL			**46,517**	**202,646**	**-**	**-215,509**	**8,117**	**41,771**

(1) The Company acquired 1,645,338 shares for a total amount of €202,646 thousand. All of these shares were allocated to the capital reductions of April 25, 2019 and December 19, 2019.
(2) This amount corresponds to the impact of capital reductions through the cancellation of 1,645,338 shares for €202,646 thousand and the transfer of 105,936 shares for €12,863 thousand to marketable securities.
(3) As at December 31, 2019, the Company holds 345,645 treasury shares with a book value of €41,771 thousand. These shares were valued in accordance with accounting principles on the basis of the average of the last 20 stock market prices for December 2019 (€120.85 per share). This analysis led to a reversal of the provision in the amount of €8,117 thousand.

As of December 31, 2019, Wendel SE held 908,950 of its shares in treasury (1,013,074 as of December 31, 2018).

These treasury shares were allocated as follows:

- 345,645 shares were allocated to potential acquisition activity and were classified as non-current financial assets (451,581 as of December 31, 2018);
- 489,505 shares were allocated to cover grants under stock-option plans. They were classified as marketable securities within current assets (see note 4 "Marketable securities"); and
- 73,800 shares were held under the liquidity contract. They were classified as marketable securities within current assets (see note 4 "Marketable securities").

NOTE 3 Other receivables

In thousands of euros	12/31/2019 Gross amounts	12/31/2019 Impairment	12/31/2019 Net amounts	12/31/2018 Gross amounts	12/31/2018 Impairment	12/31/2018 Net amounts
Tax and employee social security receivables	3,065	-	3,065	4,373	-	4,373
Loans and advances connected with investments(1)	106,832	-	106,832	1,574,810	-47,003	1,527,806
Other(2)	4,340	-1,780	2,560	2,013	-	2,013
TOTAL	**114,237**	**-1,780**	**112,457**	**1,581,195**	**-47,003**	**1,534,192**
Of which related companies	*108,380*			*1,574,810*		
Of which accrued income	*6,896*			*6,028*		

(1) These receivables mainly result from the impact of the simplification of structures and advances granted to holding companies that held the Group's various investments, in particular its stakes in Saint-Gobain and Bureau Veritas. The movement in receivables is set out in the "Highlights of the year".
(2) Includes €1,011 thousand in accrued interest on interest rate and currency derivatives (see note 9).

NOTE 4 Marketable securities

In thousands of euros	12/31/2019 Net accounting value	12/31/2019 Market value	12/31/2018 Net accounting value	12/31/2018 Market value
Wendel shares (excluding liquidity contract)[1]				
Shares allocated to stock-option plans[2]	55,936	58,006	50,282	48,318
Shares allocated to performance share plans[3]	-	-	-	-
SUB-TOTAL	**55,936**	**58,006**	**50,282**	**48,318**
Money-market mutual funds and deposits	611,775	611,775	1,658,322	1,658,322
Funds managed by financial institutions	336,793	336,793	283,699	283,699
Liquidity contract[4]				
Wendel shares	8,065	8,745	10,470	10,470
SUB-TOTAL	**956,633**	**957,314**	**1,952,491**	**1,952,491**
TOTAL	**1,012,570**	**1,015,320**	**2,002,772**	**2,000,809**

(1) Number of Wendel shares held as of December 31, 2019: 489,505.
Number of Wendel shares held as of December 31, 2018: 461,493 (see note 2 "Treasury shares").
(2) Shares held for the exercise of purchase-type stock options granted under stock-option plans. The net book value of these shares is the acquisition price of the securities. Any negative difference arising between the book value and the exercise price of the purchase options is provisioned in proportion to the rights acquired within "Provisions for risks and contingencies". As of December 31, 2019, this provision totaled €6,113 thousand.
(3) No shares were allocated to cover performance share plans. In accordance with accounting standards, the loss related to the vesting of performance shares is provisioned in proportion to the extent to which they have vested. As of December 31, 2019, these plans were not hedged, but the value of the allocated shares as of that date was recognized in "Provisions for risks and contingencies". As of December 31, 2019, this provision totaled €8,885 thousand.
(4) Number of Wendel shares held as of December 31, 2019: 73,800.
Number of Wendel shares held as of December 31, 2018: 100,000.

NOTE 5 Changes in shareholders' equity

Number of shares	In thousands of euros	Share capital (notional amount 4€)	Share, merger or contribution premiums	Legal reserves	Regulated reserves	Other reserves & retained earnings	Net income for the fiscal year	Total equity
46,253,210	**Balance as of 12/31/2017 before appropriation**	**185,013**	**48,652**	**20,224**	**101,870**	**4,901,833**	**116,893**	**5,374,485**
	Appropriation of 2017 net income[1]					116,893	-116,893	-
	Dividend					-120,534 [3]		-120,534
	Capital increase							
20,155	■ Company savings plan	81	1,826					1,907
7,276	■ options exercised	29	462					491
	2018 Income						340,383	340,383
46,280,641	**Balance as of 12/31/2018 before appropriation**	**185,123**	**50,940**	**20,224**	**101,870**	**4,898,192**	**340,383**	**5,596,732**
	Appropriation of 2018 income[2]					340,383	-340,383	-
	Dividend					-123,658		-123,658

Number of shares	In thousands of euros	Share capital (notional amount 4€)	Share, merger or contribution premiums	Legal reserves	Regulated reserves	Other reserves & retained earnings	Net income for the fiscal year	Total equity
	Capital reduction							
-1,169,399	■ decision of 04/25/2019	-4,678				-135,183		-139,861
-475,939	■ decision of 12/19/2019	-1,904				-60,882		-62,786
	Capital increase							
26,055	■ Company savings plan	104	2,018					2,122
20,950	■ options exercised	84	313					397
	2019 income						1,865,893	1,865,893
44,682,308	**Balance as of 12/31/2019 before appropriation**	**178,729**	**53,271**	**20,224**	**101,870**	**4,918,852**	**1,865,893**	**7,138,839**

(1) The amount appropriated to retained earnings, as approved by shareholders at their May 17, 2018 General Annual Meeting, was increased by €2,053 thousand because no dividends were paid on the Wendel shares the Company held in treasury on the dividend payment date.
(2) The amount appropriated to retained earnings, as approved by shareholders at their May 16, 2019 General Annual Meeting, was increased by €2,712 thousand because no dividends were paid on the Wendel shares the Company held in treasury on the dividend payment date.
(3) A dividend of €2.80 per share was paid in 2019 on 2018 earnings. The dividend paid in 2018 on 2017 earnings was €2.65 per share.

NOTE 6 Provisions for risks and contingencies

In thousands of euros		12/31/2018	Additions during the fiscal year	Reversals during the year: used	Reversals during the year: unused	12/31/2019
Provision for pensions and post-employment benefits		1,453		528		925
Provision for allocation of performance shares and purchase options	Note 4	13,552	6,678	5,232		14,998
Provision for stock options	Note 9	4,041		4,041		-
Provision for risks - Tax		-				-
Provision for risks - Guarantee(1)		-	27,000			27,000
Other risks and contingencies		4,632	2,607	2,569	101	4,569
TOTAL		**23,677**	**36,285**	**12,370**	**101**	**47,491**
		Operating income	959	1,351	-	
		Net financial income	6,678	9,273	-	
		Exceptional items	28,648	1,746	101	
			36,285	**12,370**	**101**	

(1) See below.

The principal disputes, claims and risks identified for Wendel SE are as follows:

- the various judicial procedures initiated by former executive employees of Wendel as a result of the unwinding of a mechanism for participating in the Group's performance, have resulted in either a dismissal on the merits, a withdrawal on their part or in a stay of proceedings while awaiting decisions from other specific authorities. No provision has been recognized;
- as part of the initial investment in Tsebo Group's South African entities by an investor meeting the criteria set by local B-BBEE regulations ("Broad-Based Black Economic Empowerment" business incentive program to support the economic development of black people in South Africa), Wendel guaranteed the repayment obligations relating to acquisition financing contracted by this investor, thereby helping maintain Tsebo's "B-BBEE level 1" rating. This guarantee by Wendel represents a guaranteed amount of approximately ZAR 431 million (*i.e.* €27 million on the basis of exchange rates at December 31, 2019). As at December 31, in accordance with accounting rules, the Company has recorded a provision for contingencies amounting to €27,000 thousand.

NOTE 7 Financial debt

In thousands of euros	12/31/2019	12/31/2018
5.875% 2019 bonds(1)	-	212,000
1.875% 2020 bonds(1)	-	300,000
3.75% 2021 bonds(1)	-	207,400
1.00% 2023 bonds	300,000	300,000
2.75% 2024 bonds	500,000	500,000
2.50% 2027 bonds	500,000	500,000
1.375% 2026 bonds(2)	300,000	-
0% 2019 bonds exchangeable into Saint-Gobain shares(1)	-	500,000
Syndicated credit facility (EURIBOR + margin)(3)	-	-
Accrued interest	19,499	31,764
SUB-TOTAL	**1,619,499**	**2,551,164**
Borrowings connected with investments in subsidiaries and associates(4)	79,162	7,466
Other borrowings	-	-
Short-term bank borrowings	-	-
TOTAL	**1,698,661**	**2,558,630**
Of which: less than one year	*98,661*	*751,230*
1 to 5 years	*800,000*	*1,307,400*
more than 5 years	*800,000*	*500,000*
accruals	*19,499*	*31,764*

(1) On May 23, 2019, the Company conducted the early redemption of the bonds maturing in January 2021 and April 2020 for a total nominal amount of €507.4 million at a price of €527.2 million. On July 31, 2019, the Company redeemed in cash its bonds exchangeable for Saint-Gobain securities for a nominal amount of €500 million. On September 17, 2019, the Company repaid its matured bond for its nominal amount of €212 million.
(2) On April 26, 2019, the Company carried out a bond issue for a nominal amount of €300 million with a maturity date of April 26, 2026, a coupon of 1.375% and an issue price of 99.841%.
(3) The Company did not use its syndicated credit line in 2019 (see note 17).
(4) These are current accounts of Group entities, mainly vis-à-vis its subsidiary Oranje-Nassau Groep for an amount of €70.4 million.

NOTE 8 Other current liabilities

In thousands of euros			12/31/2019	12/31/2018
Suppliers[1]			5,736	4,083
Tax and employee social security liabilities			12,130	9,204
Cash instruments				
Currency options	Note 9	-	-	-23
Accrued interest on interest rate derivatives	Note 9		9,058	8,894
Other			309	278
TOTAL			**27,235**	**22,482**
Of which related companies			*214*	*21*
Of which accrued expenses			*24,858*	*21,620*

(1) The breakdown of trade payables by maturity (pursuant to Article L. 441-6-1 of the French Commercial Code) was as follows:

	At 12/31/2019	*At 12/31/2018*
• *payment within 30 days:*	*1,330*	*507*
• *payment in more than 30 days:*	*1,045*	*332*
• *invoices not yet received:*	*3,360*	*3,244*

NOTE 9 Financial instruments

		12/31/2019		12/31/2018	
In thousands of euros		Assets	Liabilities	Assets	Liabilities
Cross currency swaps (CCS)					
Share premiums		-	-	-	-
Accrued interest not yet due		1,010	9,058	1,011	8,894
Provision for risks & contingencies	Note 6	-	-	-	-
Cash instruments - CCS		14,365	-	50,585	-
Valuation differences on cash instruments		-	14,365	-	50,585
Forward currency sale					
Share premiums		-	-	-	-
Accrued interest not yet due		-	-	-	-
Provision for risks & contingencies	Note 6	-	-	-	-
Cash instruments - MTM		258	258	2	2
Stock options					
Share premiums		-	-	4,103	-
Accrued interest not yet due		-	-	-	-
Provision for risks & contingencies	Note 6	-	-	-	4,041

Cross currency swaps

Certain Group investments operate in several countries, and as a result, derive a share of their earnings in currencies other than the Euro, notably the U.S. dollar. The subsidiaries with the greatest exposure to the U.S. dollar are Bureau Veritas, Constantia Flexibles, Stahl, IHS, Allied Universal and CPI. In early 2016, in order to manage the U.S. dollar currency risk on these assets, €800 million of Wendel SE bond debt was synthetically swapped to debt denominated in dollars (USD 885 million) using derivative instruments (cross currency swaps). The characteristics of the cross-currency swap are: Wendel SE pays 2.23% in USD against 0.24% in EUR. These instruments did not qualify for hedge accounting. The interest payment flows are therefore recognized when realized or incurred.

As of December 31, 2019, the value of the instrument was positive for Wendel SE. It totaled €14,365 thousand. As of December 31, 2018, the instrument had a positive value of €50,585 thousand. (See "Accounting principles").

NOTE 10 Off-balance-sheet commitments

In thousands of euros	12/31/2019	12/31/2018
Pledges, mortgages and collateral	**-**	**-**
Sureties, endorsements and guarantees given	**6,496**	**6,178**
of which:		
■ guarantees given relating to Wendel London Limited's rental of offices (equivalent GBP 5.5 m)	6,496	6,178

7.4.4 Notes to the income statement

NOTE 11 Income from investments in subsidiaries and associates and long-term equity portfolio

In thousands of euros **Dividends from:**	2019	2018
Oranje-Nassau Groep	1,450,000	100,000
Trief Corporation	3,788,780	400,000
Other	19	6
TOTAL	**5,238,799**	**500,006**
Of which interim dividend:	*5,238,780*	*500,000*

NOTE 12 Other financial income and expense

In thousands of euros **Income**	**2019**	**2018**
Other interest and similar income[(1)]	8,294	18,737
Currency gains[(2)]	17	2,881
Provisions reversed[(3)]	9,397	15,626
Amortization related to bond issue premiums	1,389	3,582
TOTAL	**19,098**	**40,826**
Of which related companies	*2,852*	*7,576*

In thousands of euros **Expenses**	**2019**	**2018**
Interest on bonds	46,103	62,159
Other interest and similar expenses[(4)]	29,693	43,420
Currency losses[(2)]	89	12,853
Provisions recognized[(5)]	6,678	9,216
Amortization of bond redemption premiums	798	727
TOTAL	**83,362**	**128,375**
Of which related companies	*85*	*42*

(1) This item primarily comprises income of €3,593 thousand from the disposal of marketable securities and interest on cash investments, interest income on current accounts of €2,852 thousand and interest income on cross currency swaps of €1,010 thousand.
(2) As of December 31, 2019, the currency impact is not material. As of December 31, 2018, the currency translation loss of €9,972 thousand primarily relates to the conversion into euros of cash investments in U.S. dollars.
(3) This item primarily relates to the reversal of a provision for risks on stock options granted under stock-option plans and performance share plans of €4,712 thousand (see note 6) and a reversal of a provision for risks on Saint-Gobain stock options in an amount of €4,041 thousand.
(4) This item primarily relates to a loss of €1,985 thousand from the disposal of marketable securities, a loss on the sale of Wendel shares allocated under stock-option plans and performance share plans of €4,207 thousand, an interest expense on cross currency swaps of €17,107 thousand and a loss on the premium paid on Saint-Gobain stock purchase options of €4,102 thousand (see note 9).
(3) This amount mainly includes an allocation to provisions for risks on stock options granted under stock-option plans and performance share plans of €6,678 thousand (see note 4).

NOTE 13 Operating revenue

In thousands of euros	**2019**	**2018**
Property rental	55	52
Services invoiced to subsidiaries	14,289	11,390
Other income	1,317	1,276
Expenses transferred[(1)]	1,050	-
Provisions reversed	1,351	2,388
TOTAL	**18,062**	**15,106**
Of which related companies	*15,549*	*12,602*

(1) This item principally relates to debt issuance costs spread over the term of the loans (see "Accounting principles").

NOTE 14 Compensation and staff numbers

See note 18 for a description of the compensation the Company allocated to the members of the Executive and Supervisory Boards.

Average staff numbers	2019	2018
Executive employees	48	49
Non-executive employees	6	4
TOTAL	**54**	**53**

NOTE 15 Exceptional items

As of December 31, 2019, exceptional items of €3,276,262 thousand mainly include changes in provisions and impairments on assets related to subsidiaries that have paid interim dividends (see Note 1) and a charge of €19.8 million resulting from the difference between the repurchase price and the nominal amount of the bonds repurchased on the 2020 and 2021 bonds.

NOTE 16 Income tax

Income tax breaks down as follows:

In thousands of euros	2019
Taxable base at a rate of	**33.33%**
On 2019 income before exceptional items	-26,366
On 2019 exceptional items	-19,601
	-45,967
Addbacks/deductions related to tax consolidation	9,258
	-36,709
Deduction of losses carried forward	-
Taxable income of the tax consolidation Group	**-36,709**
Corresponding tax	**-**
Contributions of 3.3%	-
Deduction in respect of tax credits	12
Impact of tax consolidation	2,873
INCOME TAX RECOGNIZED IN THE INCOME STATEMENT	**2,885**

The Company has opted for tax consolidation status, as defined in Articles 223 A-U of the French Tax Code. According to the tax consolidation agreements between Wendel and the other companies in the tax Group, each company contributes to the tax of the Group by paying Wendel the amount it would have paid had it been taxed on a stand-alone basis (*i.e.* without tax consolidation). Certain Group companies in turn hold subsidiaries. The tax consolidation agreements between Wendel and these companies require the Company at the head of such a sub-group to calculate its contribution to the tax of the Wendel Group based on the sub-group's overall income as if the Company and its subsidiaries were a distinct tax consolidation Group.

This mechanism produced a tax income for Wendel SE equal to the difference between the tax payable and the amount received from subsidiaries. The members of the Wendel tax consolidation Group in 2019 were: the parent company Wendel SE and Sofiservice, Coba, Eufor and Waldggen.

The net tax income in 2019 corresponds mainly to the tax consolidation income of its subsidiary Eufor for €2.9 million.

NOTE 17 Liquidity and debt situation

At December 31, 2019, gross debt (excluding operating subsidiaries) consisted of bonds for a total amount of €1,600 million. Bond maturities are spread between April 2023 and February 2027 and the average maturity is 5.5 years.

Wendel also has an undrawn €750 million syndicated loan maturing in October 2024. Wendel was in compliance with its financial covenants as of December 31, 2019. This undrawn line of credit notably gives Wendel enough flexibility to take advantage of investment opportunities.

At the date of the closing of the consolidated financial statements, Wendel's long-term rating from Standard & Poor's was BBB "stable" outlook and the short-term rating A-2. Similarly, Moody's has assigned it a rating of Baa2 "stable" outlook with a short-term rating of P-2.

Wendel's next significant financial maturity is the €300 million bond, due to be redeemed in April 2023. Wendel's liquidity risk over the 12 months following the reporting date is therefore low given its high level of cash and short-term financial investments and its available undrawn syndicated credit line.

Bond indentures

These bonds are not subject to financial covenants but carry standard clauses for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

Wendel's syndicated credit (undrawn as of December 31, 2019) – Documentation and covenants

The syndicated loan has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of its net debt.

This net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions. The net debt taken into account corresponds to Wendel bonds and the syndicated loan, when drawn, reduced by cash.

Net debt of the Group subsidiaries is deducted from the gross revalued assets of these subsidiaries inasmuch as it is without recourse to Wendel.

These covenants are as follows:

- the net financial debt of Wendel and the financial holding companies compared to the gross revalued value of assets after unrealized taxes (excluding cash) must not exceed 50%;
- the ratio of:
  - the unsecured gross debt of Wendel and its financial holding companies plus their off-balance-sheet commitments that are akin to unsecured debt, less their available cash (not pledged or in escrow), to
  - the amount of 75% of the value of the available listed assets (not pledged or in escrow) and 50% of the value of available unlisted assets (not pledged or in escrow);
- must not exceed one.

These ratios are tested half-yearly when there are drawdowns under the syndicated loan line. As of December 31, 2019 Wendel was in compliance with all covenants.

The syndicated loan agreement carries standard covenants for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

NOTE 18 Related parties

Related parties are Wendel-Participations and the members of the Supervisory Board and the Executive Board.

Members of the Supervisory Board and Executive Board

Compensation paid by Wendel for 2019 to the Chairman of the Executive Board and the successive members of the Executive Board over their respective terms of office was €4,957 thousand. The value of the stock options and performance shares granted to them in 2018 was €4,791 thousand as of their grant date, it being noted that Mr. David Darmon received no options or performance shares during his term of office since he was appointed in September.

Compensation paid to members of the Supervisory Board in 2019 was €1,221 thousand, including €1,161 thousand by Wendel SE (i) in consideration of service by members of the Supervisory Board, (ii) as compensation of the Chairman of the Supervisory Board and (iii) as compensation of the lead independent member of the Supervisory Board, and €60 thousand paid to certain members of the Supervisory Board by Wendel-Participations SE for serving on its Board of Directors. These amounts do not include the salary of the employee representative on Wendel's Supervisory Board, who does not receive Wendel SE director's fees.

The Company's obligations to Mr. André François-Poncet in the event of his departure, provided the performance conditions are met, are as follows:

- in the event of his removal from office not on grounds of failure, for each month of service, to benefits equal to his monthly fixed compensation at the time of termination, up to a maximum of 24 months' fixed compensation;
- in the event of his resignation or removal from office following the loss of control by Wendel-Participations SE of Wendel voting rights, 36 months' fixed compensation as existing at the time of departure.

The Company's obligations to Mr. David Darmon, member of the Executive Board, in the event of his departure (provided the performance conditions are met) are as follows:

- in the event his position is terminated (not on grounds of failure), a payment equal to the gross fixed monthly compensation times the number of months of service on the Executive Board, in no case to exceed 18 months of fixed compensation;
- in the event his employment contract is terminated, the payments due by law and agreement under said employment contract, with the provision that the total payments made to Mr. Darmon for his service as a corporate officer and under his employment contract may not exceed 18 months of fixed and variable compensation.

In connection with the termination of his corporate office as a member of the Executive Board and the termination of his employment contract, the total amount paid by the Company to Mr. Bernard Gautier as severance pay amounts to €3,474,666. The Company also paid €132,000 as a transactional indemnity.

Wendel-Participations

Wendel-Participations is owned by 1,100 natural and legal persons belonging to the Wendel family. Wendel-Participations owned 39.06% of Wendel SE's share capital as of December 31, 2019. Wendel-Participations investors together held a 39.06% stake in Wendel SE as of December 31, 2019, representing 52.16% of voting rights exercisable and 51.46% of the theoretical voting rights.

There are no other economic or financial relationships between Wendel-Participations and Wendel besides those related to the holding of shares and the following agreements:

- a service agreement concluded to apply the Sapin 2 Law (anticorruption measures) and to implement CBCR reporting;
- a memorandum of understanding on the use of the "Wendel" family name and a license agreement governing the use of the "WENDEL Investissement" brand; and
- agreements with Wendel-Participations regarding technical assistance and leasing of premises.

NOTE 19 Subsequent events

Impact of Covid-19

Wendel is closely monitoring the impacts of the Covid-19 epidemic on the activity and financial structure of its subsidiaries and associates and on the Group. Some of the Group's subsidiaries and associates are active in the regions most affected at the accounts closing date. 8.8% of 2019 consolidated revenue was generated in China and 3.5% in Italy. The Covid-19 virus epidemic does not have an impact on the accounting and financial situation of Wendel SE at December 31 described in these consolidated financial statements since it is a post-closing event. The Company has taken the appropriate measures to protect its employees.

Securities portfolio

In thousands of euros	Number of securities held	Subsidiaries and associates in %	Gross value of securities portfolio
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES			
Subsidiaries (over 50% owned)			
a) French			
Sofiservice	8,500	100.0%	354
Eufor	2,029,196	100.0%	3,788,797
b) Non-French			
Trief Corporation	82,561	100.0%	6,439,632
Trief Corporation - technical merger loss			384,960
Oranje-Nassau Groep	1,943,117	100.0%	238,320
Other subsidiaries and associates			
Securities of French companies	2,500	100.0%	53
			10,852,116
OTHER LONG-TERM INVESTMENTS			
Other French equities	-	-	34
			34

Subsidiaries and associated companies

In thousands of euros	Share capital	Other equity (results included)	% of capital held	Gross carrying value of securities held	Net carrying value of securities held	Loans and advances granted	Guarantees and endorsements given	Revenue of previous fiscal year	Income from previous fiscal year	Dividend received during fiscal year
DETAILED INFORMATION (on subsidiaries and associates whose gross carrying value is greater than 1% of the share capital of Wendel)										
French										
Eufor	20,292	425,516	100.0%	3,788,797	3,774,463	-	-	-	107,775	-
Non-French										
Trief Corporation[(1)(2)]	825,610	2,350,036	100.0%	6,824,592	3,722,962	106,259	-	777	1,680,821	3,788,780
Oranje-Nassau Groep[(2)]	8,744	-8,673	100.0%	238,320	71,231	-	-	-	1,652,541	1,450,000
GENERAL INFORMATION										
French subsidiaries				407	86					
Non-French subsidiaries				-	-					
French associates				-	-					
Non-French associates				-	-					

(1) Including technical merger loss.
(2) Consolidated figures.

Five-year financial summary

Nature of disclosures	2015 Fiscal year	2016 Fiscal year	2017 Fiscal year	2018 Fiscal year	2019 Fiscal year
1. CAPITAL AT YEAR-END					
Share capital(1)	191,970	188,370	185,013	185,123	178,729
Number of ordinary shares in issue	47,992,530	47,092,379	46,253,210	46,280,641	44,682,308
Maximum number of shares that could be issued:					
■ through the exercise of options	206,051	167,151	29,326	20,950	0
2. OPERATIONS AND INCOME FOR THE YEAR(1)					
Revenue (excluding taxes)	11,400	13,312	13,828	12,718	15,661
Income from investments in subsidiaries and associates	1,500,019	400,014	260,005	500,006	5,238,799
Income before tax, depreciation, amortization and provisions	1,337,892	133,052	104,149	375,979	5,117,755
Income taxes(4)	2,456	-9,335	-11,900	-2,505	-2,885
Net income	1,338,591	135,543	116,893	340,383	1,865,893
Dividends(2)	103,184	110,667	122,571	129,586	129,579(3)
of which interim dividends	-	-	-	-	-
3. EARNINGS PER SHARE (in euros)					
Income after tax but before depreciation, amortization and provisions	27.86	3.02	2.51	8.18	114.60
Net income	27.89	2.88	2.53	7.35	41.76
Net dividends(3)	2.15	2.35	2.65	2.80	2.90
of which interim dividends	-	-	-	-	-
4. EMPLOYEE DATA					
Average number of employees	66	60	55	53	54
Total payroll	11,939	12,314	16,810	12,183	18,630
Staff benefits paid during the year (social security, social welfare, etc.)	9,071	7,218	8,295	8,743	9,402

(1) In thousands of euros.
(2) Including treasury shares.
(3) Ordinary dividend of €2.90 (subject to approval by shareholders at their Annual General Meeting of July 2, 2020).
(4) Negative amounts represent income for the Company.

7.5 Statutory auditors' report on the financial statements

For the year ended December 31, 2019

To the annual general meeting

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Wendel for the year ended December 31, 2019.

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, 2019 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 those standards are further described in the "*Statutory Auditors' Responsibilities for the Audit of the Financial Statements*" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from December 31, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in 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 relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments in subsidiaries and associates, and related loans and advances

Risk identified

As at 31 December 2019, investments in subsidiaries and associates, and related loans and advances, recorded in the balance sheet for a net carrying amount of 7,569 million euros and 107 million euros respectively, represent 85% and 1% of the company's total balance sheet. Investments in subsidiaries and associates are recorded at their acquisition cost and related loans and advances are recorded at their nominal amount, as described in the "Subsidiaries and associates" and "Loans and receivables" sections of the note "Accounting principles" to the financial statements. They are depreciated if their recoverable amount is lower than their carrying amount at the closing date. As at 31 December 2019, the investments in subsidiaries and associates Trief Corporation, Oranje-Nassau Groep and Eufor were depreciated respectively for 3,102 million euros, 167 million euros and 14 million euros, as described in note 1 to the financial statements.

We considered that the valuation of investments in subsidiaries and associates, and related loans and advances, constitutes a key audit matter due to the materiality of these items in the company's financial statements, and because the determination of their recoverable amount requires the use of assumptions, estimates and judgments.

Our response

To assess the estimate of the recoverable amount of the investments in subsidiaries and associates, our work primarily consisted in:

- assessing, on the basis of the information provided to us, whether the valuation method applied and figures used had been justified by the management;
- verifying the stock market price used for valuations based on the value of listed securities;
- evaluating the consistency of the estimates with those used for the impairment tests performed on the goodwill in the company's consolidated financial statements;
- using sampling to test the arithmetic accuracy of the calculations of the recoverable amounts used by the company.

With regard to the valuation of loans and advances related to investments in subsidiaries and associates, we reviewed the impairment test performed based on the valuations used for the impairment tests on investments in subsidiaries and associates.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Executive Board's management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-4 of the French Commercial Code (code de commerce).

Report on corporate governance

We attest that the Supervisory Board's report on corporate governance sets out the information required by Articles L. 225-37-3 and L. 225-37-4 the French Commercial Code (code de commerce).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by or awarded to the directors 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 controlled enterprises included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 225-37-5 of the French Commercial Code (code de commerce), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other Information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and 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 as Statutory Auditors of WENDEL by your Annual General Meeting held on November 15 1988 for ERNST & YOUNG Audit and on May 16 2019 for Deloitte & Associés.

As at December 31, 2019, ERNST & YOUNG Audit was in its thirty-second year of total uninterrupted engagement and Deloitte & Associés in its first year of engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 is expected 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 risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Executive Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives 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 from 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 of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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;

- Obtains an understanding of internal control 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;
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- Assesses 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 his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- Evaluates the overall presentation of the financial statements and assesses 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, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore 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) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, 18 March 2020

The Statutory Auditors

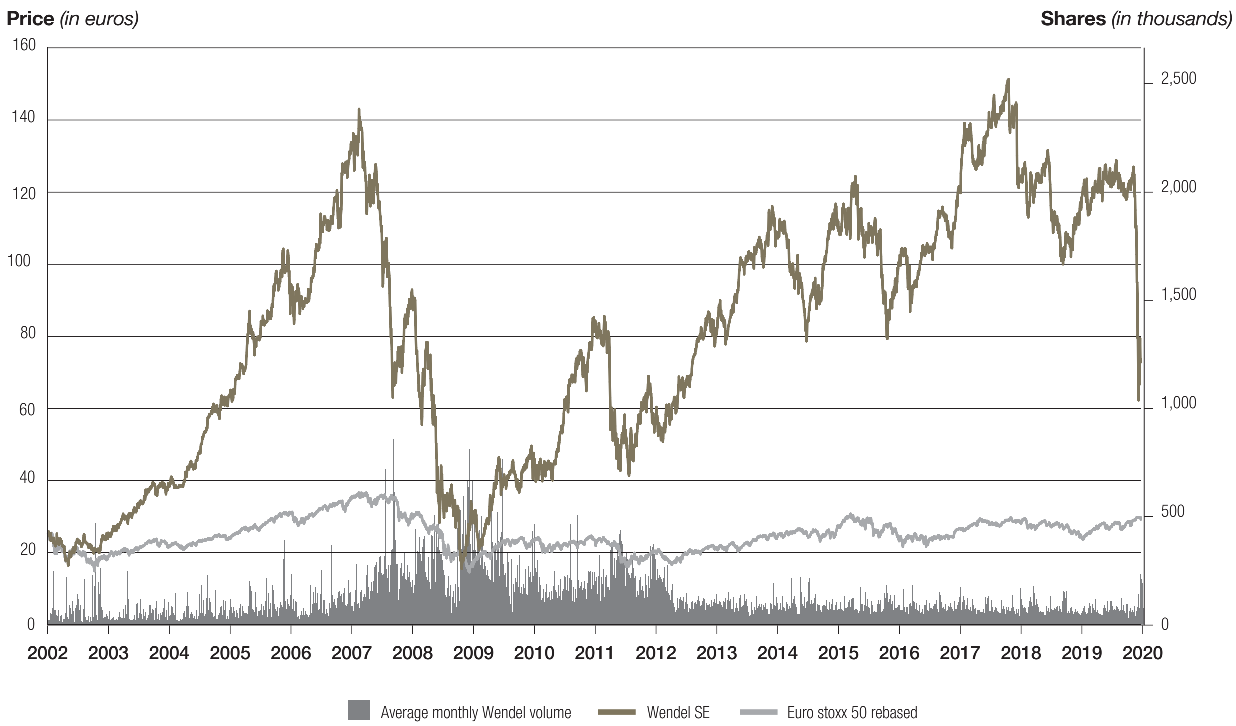
ERNST & YOUNG Audit	Deloitte & Associés
Jacques PIERRES	Mansour BELHIBA

8

SHARE CAPITAL AND SHAREHOLDERS

8.1 Wendel share performance and dividend

8.1.1 Market data



Change in Euro Stoxx 50 and Wendel share price rebased to compare with the Wendel share price on June 13, 2002. Source: FactSet.

Comparison of total shareholder return for Wendel and the Euro Stoxx 50, since the CGIP/Marine-Wendel merger

Reinvested dividend performance from June 13, 2002 to March 31, 2020	Total returns for the period	Annualized return over the period
Wendel	323.8%	8.5%
Euro Stoxx 50	69.6%	3.0%

Source: FactSet.

Share references

Listing market: EUROLIST SRD, Compartment A (Blue Chips)

ISIN Code: FR0000121204 Bloomberg Code: MF FP

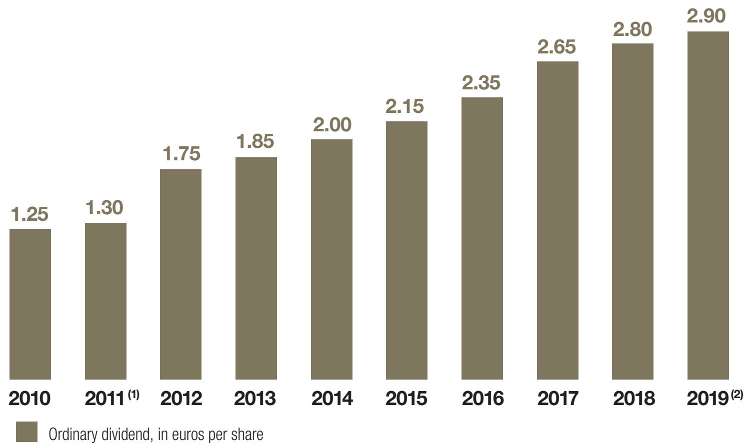
Reuters Code: MWDP. PA abbreviation: MF

Indices: CAC AllShares, CAC Mid 60, Euronext 150, SBF120, STOXX® Europe, EURO STOXX®, STOXX® Europe Private Equity 20, STOXX® Europe 600, LPX 50, EN Family Business, MSCI World & Europe & EAFE ESG Leaders

Quota: 1 share/PEA: Eligible/SRD: Eligible/par value: €4/Number of shares outstanding 44,682,308 as of December 31, 2019.

8.1.2 Dividend

Ordinary dividend, in euros per share.



(1) The 2011 ordinary dividend included an exceptional distribution of one Legrand share for every 50 Wendel shares held.
(2) The 2019 dividend is subject to shareholder approval at the General Meeting of July 2, 2020. After a very good 2019 financial performance and in light of its solid balance sheet, Wendel had announced a €2.90 pershare dividend on March 17. Wendel wants to have a better understanding of the macroeconomic and health situationprior to confirming this decision.

8.1.3 2019 share buyback program

On March 26, 2019, Wendel entered into a €200 m share buyback agreement.

This buyback agreement started on April 17, 2019 after Wendel - Participations SE obtained, on April 2, 2019, acting in concert with its Chairwoman, a waiver granted by the AMF to launch a tender offer on Wendel.

Under this share buyback agreement, Wendel has acquired €200 m of its own shares with the primary objective of canceling them.

On April, 23, 2019, Wendel received 1,169,399 ordinary shares at the price of €119.60. These shares were canceled on April 25, 2019. The bank designated for the transaction, acting independently, continued its transactions on the Wendel shares notably as part of hedging transactions up to December 17, 2019.

Upon completion of the agreement, Wendel received from Goldman Sachs 475,939 additional ordinary shares. This additional number of shares has been determined on the basis of the volume-weighted average price per share, less a discount, over the execution period. The additional 475,939 ordinary shares were delivered on December 19, 2019 were canceled on the same day.

The liquidity contract, which had been suspended since April 17, 2019, resumed its activity starting from December 20, 2019.

This buyback agreement was executed as part of the authorization granted to the Executive Board on May 17, 2018 by the Shareholders' Meeting. The renewal of this authorization was proposed on the agenda of the Shareholders' Meeting held on May 16, 2019.

8.1.4 Trading in Wendel shares

Date	Average closing price 1 month	Intraday high	Intraday low	Average daily trading volume
January 2017	113.26	116.70	109.50	6,853,336
February 2017	108.25	112.65	103.95	6,968,084
Mars 2017	112.48	118.85	104.9	9,269,370
April 2017	122.52	129.45	118.9	9,273,248
May 2017	134.62	139.2	128.65	8,370,409
June 2017	135.8	140.55	129.55	9,390,658
July 2017	127.77	130.35	125.25	6,830,569
August 2017	130.05	133.45	127.2	6,672,377
September 2017	134.64	137.65	125.1	10,857,889
October 2017	140.13	144.85	137	8,159,108
November 2017	141.57	147.15	136.8	7,075,369
December 2017	142.83	145.4	139.35	8,209,169
January 2018	147.47	151.6	141	8,124,309
February 2018	141.56	152.6	135	10,015,849
March 2018	137.43	145.80	121.40	11,097,622
April 2018	123.77	127.30	120.60	8,066,737
May 2018	122.28	129.50	111.70	8,072,238
June 2018	119.90	126.30	113.40	12,945,058
July 2018	122.47	126.00	114.80	6,988,973
August 2018	124.97	128.30	121.10	5,530,994
September 2018	128.53	132.60	123.20	8,270,975
October 2018	116.04	128.80	108.00	7,469,278
November 2018	111.03	117.50	105.60	6,828,790
December 2018	103.01	109.70	99.00	8,822,447
January 2019	106.45	109.70	101.40	5,052,861
February 2019	106.38	111.80	101.70	5,229,453
March 2019	111.96	115.00	108.30	4,966,473
April 2019	118.56	123.70	113.20	6,453,983
May 2019	118.30	123.90	111.70	6,737,238
June 2019	118.18	122.50	112.30	7,556,355
July 2019	122.38	126.80	119.40	5,224,724
August 2019	122.80	127.50	116.90	7,526,692
September 2019	124.55	128.70	119.90	7,383,212
October 2019	123.72	128.00	120.60	6,696,576
November 2019	124.63	129.40	118.50	7,985,085
December 2019	120.85	123.80	117.40	5,874,475
January 2020	120.87	124.10	116.70	5,802,707
February 2020	122.53	127.50	109.40	6,969,435
March 2020	83.58	113.40	54.80	10,282,142

Source: Euronext.

8.2 Financial communication policy

The Investor Relations department acts as an interface between the Group and the equity and bond investors. It aims to provide a clear view on the Group's results and strategy through its financial communications. Wendel has put in place a number of initiatives to keep informed its shareholders, bondholders, French and international investors and its financial analysts. Wendel means to offer to all these market participants a clear, comprehensive and transparent information in real time to enable them to get a better understanding of the Group’s strategy, its positioning, the latest news of its potfolio companies and its medium-term objectives.

8.2.1 A constant and in-depth dialogue with the market

- Every year, the Investor Relations department organises a number of events intended for analysts and institutional investors, to which journalists specialising in the industry are invited: an anlysts' conference on the day of annual results publication, an “Investor Day”, conference calls for the half-year results and other *ad hoc* events in case of strategic transactions such as acquisitions. Presentations are broadcast live online on the financial website www.wendelgroup.com. All of the information presented is made available on the website on the day of publication and webcasts are available for one year.
- Like every year, in November 2019, Wendel held its Investor Day, the aim of which is to enable stakeholders to meet and get to know the unlisted companies in its portfolio and to brief on Wendel’s investment strategy. In 2019, the Investor Days was an opportunity for the management teams of Stahl, IHS Towers, Constantia Flexibles and Cromology, to present their main updates and latest achievements. The Investor Day was also an opportunity to discuss the CSR approaches of Wendel and its unlisted companies attending this event.
- Since 2009, Wendel has implemented a financial communication policy aimed at its bond investors who benefit from the same policy of roadshows and events as equity investors, through the organisation of “credit updates”.
- Over the last five years, the Group has also strengthened its process of dialogue with its equity investors and proxy advisors on matters of governance, through targeted events held in conjunction with the General Secretary. Since 2019, Jacqueline Tammenoms Bakker, Chairwoman of the Governance Committee, has also chaired these events.
- Throughout the year, the Investor Relations department holds numerous events with institutional investors. As such, in 2019, members of the Executive Board and the Chief Financial Officer, supported by the Investor Relations team, held 31 equity and credit roadshows, took part in 8 brokers conferences in the main global financial markets. In total, almost 370 meetings with equity and bond investors took place in 12 cities across France, the United Kingdom, the United States, Canada, Germany, Luxembourg and Switzerland.

8.2.2 A dedicated policy for individual shareholders

In 2019, the Wendel Group pursued its communications policy dedicated to the almost 23,000 individual shareholders who represent 19.3% of its capital.

Wendel’s Shareholders Advisory Committee was created in 2009, and it met three times in 2019. Composed of nine members, the committee’s role is to obtain feedback from individual shareholders on the media used to communicate with them: letters to shareholders, the website, social media and the management report. This year the CCAW (Wendel’s Shareholders Advisory Committee) was also asked about Wendel's new ESG approach.

8.2.3 Information on the website

Wendel provides the financial community and its shareholders with specific "Investors" and “Individual shareholders” pages on its website: www.wendelgroup.com. These are both updated regularly and include in particular:

- Financial presentations and press releases (“Results” section). All public presentations are streamed live on the Company’s website and available to view for one year;
- The most recent Net Asset Value (NAV) published and the methodology used (“Net Asset Value” section);
- The Universal Registration Document and Half-Year financial report;
- Information on bondholders (“Credit investors” section);
- Information for individual shareholders (“Individual shareholders” section);
- Information on the Annual General Meeting (“Annual General Meetings” section).

8.2.4 2020 calendar

Q1 2020 Trading update and NAV/Publication of NAV as of March 31, 2020 (pre-market release)	04.30.2020
Annual General Meeting	07.02.2020
H1 2020 results/Publication of NAV as of June 30, 2020, and condensed Half-Year consolidated financial statements (post-market release)	07.30.2020
2020 Investor Day/Presentation of NAV as of September 30, 2020, and Q3 2019 trading update (publication post-market release on 11.03.2020)	11.04.2020

8.2.5 Contacts

Wendel

89 Rue Taitbout, 75009 Paris

Internet: *www.wendelgroup.com*

Twitter: @WendelGroup

E-mail: communication@wendelgroup.com

Tel: +33 (0)1 42 85 30 00

Institutional investors and financial analysts

Olivier Allot, Director of Financial Communication and Data Intelligence

Email: o.allot@wendelgroup.com

Individual shareholders

Toll-free number (from a landline in France): 0 800 897 067

Christine Anglade Pirzadeh, Director of Communications and Sustainable Development

E-mail: c.angladepirzadeh@wendelgroup.com

8.2.6 Documents available to shareholders and the public

In accordance with applicable law, the Company's by-laws, minutes of Shareholders' Meetings and certain other Company reports, as well as historical financial information and other documents, may be consulted at the Company's registered office, at 89, rue Taitbout, 75009 Paris (France).

Pursuant to Article 19 of EU regulation 2017/1129 of the European Parliament and of the Council dated June 14, 2019, the following information is incorporated by reference in this Universal Registration Document:

- the key figures on page 14 as well as the consolidated financial statements and corresponding audit report on pages 247-344 of the 2017 Registration Document filed with the AMF on April 12, 2018 under number D. 18-0322;
- the key figures on page 28 as well as the consolidated financial statements and corresponding audit report on pages 277-362 of the 2018 Registration Document filed with the AMF on April 17, 2019 under number D. 19-0356.

The unincluded parts of these documents either do not apply to investors or are covered in a section of this Universal Registration Document.

In addition, all financial news and all information documents published by Wendel are accessible on the Company's website: www.wendelgroup.com.

Main press releases published by the Company in 2019 and in early 2020:

12.23.2019: Wendel completes the Acquisition of Crisis Prevention Institute ("CPI")

12.19.2019: Wendel announces the completion of its €200 million share repurchase program

12.13.2019: Wendel completes sale of stake in Allied Universal® for net cash proceeds of $721 M

11.21.2019: Allied Universal® and SOS Security® announce transformational merger

11.07.2019: Q3 trading update

10.15.2019:

09.24.2019: Wendel names Adam Reinmann CEO of Wendel North America (only available in English)

09.18.2019: Wendel and existing shareholders to sell additional stake in Allied Universal®

09.11.2019: David Darmon, Managing Director and CEO of Wendel North America, promoted to Group Deputy CEO

09.10.2019: Bernard Gautier leaves the Wendel Group after 16 years of service as Group Deputy CEO

09.06.2019: Availability of the 2019 half-year consolidated financial statement

07.30.2019: Half-year trading update

05.16.2019: Financial information published in the context of the Shareholders' Meeting

05.13.2019: Wendel reinvests €125 million in Cromology in conjunction with the renegotiation of Cromology's debt

04.23.2019: Successful issue of €300 million 7-year bond issue bearing interest at 1.375%

04.23.2019: Wendel extends its debt maturities

04.18.2019: Detailed methods for the publication of the 2018 Registration Document

04.17.2019: Effective start of Wendel's €200 million share repurchase

04.08.2019: Allied Universal acquires Securadyne Systems to provide new advanced technology solutions and system integration capabilities

04.03.2019: Jérôme Richard joins Wendel as Operating Partner

03.26.2019: Wendel enters into its €200 million share repurchase agreement

03.21.2019: 2018 Full-year results

02.14.2019: Wendel to sell large stake in Allied Universal

01.25.2019: S&P Global upgraded Wendel's credit rating to BBB/A-2; outlook stable

01.03.2019: Wendel reinforces its investment in Stahl with the acquisition of 4.8% of the share capital from Clariant for €50 million

03.18.2020: Alexina Portal joins Wendel as Director of Human Resources

03.18.2020: 2019 full-year results

8.3 Information on share capital

8.3.1 Major shareholders

As of December 31, 2019, the share capital was composed of 44,682,308 shares with a par value of €4 each, benefiting from 67,837,687 theoretical voting rights and 66,928,737 exercisable voting rights. Double voting rights are granted to fully paid-up shares which have been registered in the same shareholder's name for at least two years, regardless of the shareholder's country of citizenship. As of that date, 23,155,379 shares had double voting rights.

To the best of the Company's knowledge, the main shareholders as of December 31, 2019 were as follows:

	% of share capital
Wendel-Participations SE and related parties[1]	39.1%
Institutional investors outside France	30.3%
Individual shareholders	19.3%
Institutional investors in France	4.9%
Treasury shares	2.0%
Employees and executives	0.9%
Other	3.4%

(1) *In accordance with Article L. 233-10 of the French Commercial Code, the data include Wendel-Participations SE, its Chairman, Priscilla de Moustier and Société Privée d'Investissement Mobiliers (SPIM).*

To the best of the Company's knowledge:

- no shareholder, other than Wendel-Participations SE, owns more than 5% of the Company's share capital;
- Supervisory and Executive Board members hold or represent 0.97% of the share capital and 1.16% of the exercisable voting rights.

There are no securities or other rights representing liabilities of the Company, convertible bonds, exchangeable bonds and/or bonds redeemable in shares that give or could give access to the capital except for stock options (subscription or purchase) and future performance share plans.

There are no shares that do not represent capital, such as founder shares or voting rights certificates.

8.3.2 Controlling legal entities or individuals

Wendel-Participations SE

Presentation

Wendel-Participations SE is a holding company that holds Wendel shares. Wendel-Participations SE is owned by over 1,100 Wendel family individuals and legal entities. The purpose of Wendel-Participations SE is to:

- invest and manage its own funds and acquire participating interests;
- own (through purchase, subscription at issue, exchange or any other means) and manage any French or foreign listed or unlisted securities, rights to intangible or tangible property, and engage in any type of short-, medium- or long-term capital transactions;
- participate in any guarantee, placement or other syndicates;
- create new companies;
- preserve the assets and other interests of the Wendel family;
- and generally, in France, and in countries outside France, undertake any commercial, industrial, financial, investment or real estate operations directly or indirectly related, in whole or in part, to the above-mentioned activities.

Wendel's control structure

As of December 31, 2019, Wendel-Participations SE (and related parties) had a controlling interest in Wendel with 39.06% of its share capital, 51.46% of its theoretical voting rights, and 52.16% of its exercisable voting rights.

The following measures ensure that control by Wendel-Participations SE over the Company is exercised appropriately:

- management and oversight are separated through a two-tiered structure, including an Executive Board and a Supervisory Board;
- at least 45% of Supervisory Board members are independent;
- appointment of a Lead member of the Supervisory Board ;
- the chairmen of the Supervisory Board Committees are independent Board members;
- any transaction in excess of €100 million and any decision binding the Company or its subsidiaries over a long period of time are subject to prior authorization by the Supervisory Board.

Economic and financial ties with Wendel

There are no significant economic or financial relations between Wendel-Participations SE and Wendel, other than the dividends received and the following agreements (section 9.1.1 of the Universal Registration Document):

- a memorandum of understanding on the use of the « Wendel » family name and a license agreement governing the use of the « Wendel » brand, amended in October 2013, December 2015, March 2018 and February 2020, as mentioned in the Statutory Auditors' special report on related-party agreements and commitments;
- agreements with Wendel-Participations SE covering administrative assistance and leasing of premises, mentioned in the Statutory Auditors' report on related-party agreements and commitments;
- a service agreement under which Wendel-Participations SE entrusts Wendel with implementing the requirements of the 2016 Budget Law concerning country by country reporting and Article 17 of France's « Sapin 2 » law (No. 2016-1691) of December 9, 2016 regarding transparency, anti-corruption and modernizing the economy.

8.3.3 Significant changes in share ownership and voting rights in the last three years

	Situation as of 12.31.2019		Situation as of 12.31.2018		Situation as of 12.31.2017	
	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights
Wendel-Participations SE[(1)]	39.1%	52.2%	37.7%	51.1%	37.6%	50.5%
First Eagle	4.5%	3.0%	4.4%	3%	3.7%	2.5%
Treasury shares (registered shares)	1.9%	-	2%	-	1.2%	-
Group savings plan	0.7%	0.9%	0.7%	0.8%	0.9%	1.1%
Other shareholders (institutional and individual)	53.9%	44.0%	55.3%	45.1%	56.6%	46.0%
of which individual shareholders	*19.3%*	*20.4%*	*19.1%*	*20.6%*	*20.0%*	*21.4%*
TOTAL SHARES AND EXERCISABLE VOTING RIGHTS	**44,682,308**	**66,928,737**	**46,280,641**	**68,324,614**	**46,253,210**	**68,884,101**

Voting rights are calculated based on the exercisable voting rights as of that date.

(1) In accordance with Article L. 233-10 of the French Commercial Code, the data include Wendel-Participations SE, its Chairman, Priscilla de Moustier and Société Privée d'Investissement Mobiliers (SPIM).

In January 2020, a study was performed, as is done every year, to identify the shareholders of Wendel as of December 31, 2019.

There was relatively little change during the year in Wendel's shareholder structure, with a slight decrease in French institutional investors (4.9% vs. 6.9% as of December 31, 2018), and a slight decrease in foreign institutional investors (30.3% vs. 31.0% as of December 31, 2018). The number of individual shareholders also decreased to 22,800 vs. 25,600 in the previous year, and their share of capital was 19.3% vs. 19.1% in the previous year.

8.3.4 Changes in share capital in the last five years

Date of change in capital	Type of transaction	Change in number of shares	Number of shares comprising the capital	Notional amount	Change in share capital (in euros)	Amount of share capital (in euros)	Change in share premiums (in euros)	Amount of share premiums
Situation as of December 31, 2015			**47,992,530**	**€4**		**191,970,120**		**31,727,577**
	Exercises of options	37,200	48,029,730	€4	148,800	192,118,920	2,847,946	34,575,523
	Issue of shares reserved for employees	23,486	48,053,216	€4	93,944	192,212,864	1,679,249	36,254,772
	Cancellation of shares	-960,837	47,092,379	€4	-3,843,348	188,369,516		36,254,772
Situation as of December 31, 2016			**47,092,379**	**€4**		**188,369,516**		**36,254,772**
	Exercises of options	89,275	47,181,654	€4	357,100	188,726,616	10,797,754	47,052,526
	Issue of shares reserved for employees	15,499	47,197,153	€4	61,996	188,788,612	1,599,342	48,651,868
	Cancellation of shares	-943,943	46,253,210	€4	-3,775,772	185,012,840		48,651,868
Situation as of December 31, 2017			**46,253,210**	**€4**		**185,012,840**		**48,651,868**
	Exercises of options	7,276	46,260,486	€4	29,104	185,041,944	462,026	49,113,895
	Issue of shares reserved for employees	20,155	46,280,641	€4	80,620	185,122,564	1,826,446	50,940,341
Situation as of December 31, 2018			**46,280,641**	**€4**		**185,122,564**		**50,940,341**
	Exercises of options	20,950	46,301,591	€4	83,800	185,206,364	313,412	51,253,753
	Issue of shares reserved for employees	26,055	46,327,646	€4	104,220	185,310,584	2,017,178	53,270,931
	Cancellation of shares	-1,645,338	44,682,308	€4	-6,581,352	178,729,232		53,270,931
Situation as of December 31, 2019			**44,682,308**	**€4**		**178,729,232**		**53,270,931**

8.3.5 Ownership threshold disclosures

Since the publication of the 2018 Registration Document, two crossings of thresholds have been declared in 2019 in terms of capital or voting rights:

Shareholder	Threshold crossing date	Direction of crossing	Threshold crossed	Number of shares after crossing	% of share capital after crossing	% of voting rights after crossing(1)
Wendel-Participations SE (individually)	04/25/2019	Upward	50% of voting rights	17,303,586	38.34%	50.77%
Nitorum Capital LP(2)	06/07/2019	Upward	2% of share capital	919,093	2.04%	1.37%

(1) Theoretical voting rights
(2) Thresholds crossed by the Nitorum Fund, LP and Nitorum Master Fund, LP, managed by Nitorum Capital LP.
Furthermore, by a decision of April 2, 2019, the Autorité des marchés financiers granted the consortium formed by Wendel-Participations SE, its Chairman Priscilla de Moustier and Société Privée d'Investissements Mobiliers (SPIM), an exemption from the obligation to file a public tender offer for the shares of Wendel SE in connection with the cancellation of Wendel SE shares.

8.3.6 Pledging of issuer's shares

To the best of the Company's knowledge, 64,434 registered Wendel shares (in either pure or administered form) were pledged as collateral as of December 31, 2019.

8.3.7 Financial authorizations

8.3.7.1 Existing financial authorizations and use thereof

As of December 31, 2019, the following financial authorizations were in effect:

Authorization	Shareholders' Meeting date (resolution No.)	Period and expiration date	Authorized nominal amount or % of share capital	Amount used as of 12.31.2019
A. Issue of shares or other securities giving access to the capital				
■ With preferential subscription rights	05/17/2018 16th resolution	26 months 07/17/2020	€74 million(1)	-
■ With waiver of preferential subscription rights	05/17/2018 17th, 18th and 19th resolutions	26 months 07/17/2020	€18 million(1)	-
■ Greenshoe option	05/17/2018 20th resolution	26 months 07/17/2020	15% of the initial issue(1)	-
■ As consideration for securities (contributions in kind)	05/17/2018 21st resolution	26 months 07/17/2020	10% of share capital	-
■ Through a public exchange offer	05/17/2018 22nd resolution	26 months 07/17/2020	€18 million	
■ Capitalization of reserves	05/17/2018 23rd resolution	26 months 07/17/2020	€80 million(1)	-
■ Overall ceiling authorized	05/17/2018 24th resolution	26 months 07/17/2020	€185 million	-
B. Authorization of share buyback program and share cancellations				-
■ Share buybacks	05.16.2019 16th resolution	14 months 07/16/2020	10% of the capital max. price: €250 per share	1,751,899 shares(2)
■ Share cancellations	05.16.2019 17th resolution	26 months 07/16/2021	10% of the capital per 24-month period	1,645,338 shares, *i.e.* 3.55% of the capital(3)
C. Employee share ownership				
■ Group savings plan	05.16.2019 18th resolution	14 months 07/16/2020	€150,000	€104,220
■ Stock options (subscription and/or purchase)	05.16.2019 19th resolution	14 months 07/16/2020	1% of share capital (common ceiling for options and performance shares)	145,944 options
■ Performance shares	05.16.2019 20th resolution	14 months 07/16/2020	0.5% of share capital (common with the above ceiling)	154,313 shares

(1) Included in the ceiling set in the 24th resolution.
(2) Including 1,169,399 shares purchased under the authorization granted by the 14th resolution of the Shareholders' Meeting of May 17, 2018.
(3) Including 1,169,399 shares purchased under the authorization granted by the 21st resolution of the Shareholders'Meeting of May 18, 2017.

8.3.7.2 Financial authorizations proposed to the Shareholders' Meeting of July 2, 2020

Authorization	Shareholders' Meeting date (resolution No.)	Period and expiration date	Authorized nominal amount or % of share capital
A. Issue of shares or other securities giving access to the capital			
■ With preferential subscription rights	07.02.2020 17th resolution	26 months 09.02.2022	40% of share capital
■ By way of a public offering, with waiver of preferential subscription rights	07.02.2020 18th resolution	26 months 09.02.2022	10% of share capital
■ By way of a private placement, with waiver of preferential subscription rights	07.02.2020 19th resolution	26 months 09.02.2022	10% of share capital
■ Pricing in the event of a public offering or a private placement	07.02.2020 20th resolution	26 months 09.02.2022	-
■ Greenshoe option	07.02.2020 21st resolution	26 months 09.02.2022	15% of the initial issue
■ As consideration for securities (contributions in kind)	07.02.2020 22nd resolution	26 months 09.02.2022	10% of share capital
■ Through a public exchange offer	07.02.2020 23rd resolution	26 months 09.02.2022	10% of share capital
■ Capitalization of reserves	07.02.2020 24th resolution	26 months 09.02.2022	50% of share capital
■ Overall ceiling authorized	07.02.2020 25th resolution	26 months 09.02.2022	Overall ceiling: 100% of share capital (17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th resolutions) Sub-ceiling: 10% of share capital (18th, 19th, 20th, 21st, 22nd, 23rd resolutions)
B. Authorization of share buyback program and share cancellations			
■ Share buybacks	07.02.2020 15th resolution	14 months 09.02.2021	10% of the capital max. price: €250 per share
■ Cancellation of shares	07.02.2020 16th resolution	14 months 09.02.2021	10% of the capital per 24-month period
C. Employee share ownership			
■ Group savings plan	07.02.2020 26th resolution	14 months 09.02.2021	€150,000
■ Stock options (subscription and/or purchase)	07.02.2020 27th resolution	14 months 09.02.2021	1% of share capital (common ceiling for options and performance shares)
■ Free shares granted	07.02.2020 28th resolution	14 months 09.02.2021	0.5% of share capital (common with the above ceiling)

The resolutions submitted to shareholders for approval at the Jule 2, 2020 Shareholders' Meeting will cancel the unused amounts of, and replace, the prior resolutions with the same purpose.

8.3.8 Share buybacks

8.3.8.1 Legal framework

The Shareholders' Meeting of May 16, 2019 (16th resolution) authorized a program for the Company to buy back its own shares up to a number of shares representing 10% of the number of shares comprising the share capital at the time of said buybacks, for a period of 14 months. The maximum repurchase price under this authorization is €250.

The Executive Board is thus authorized to repurchase the number of shares representing a maximum of 10% of the share capital, which was, at the dates the authorization was granted, 4,513,219 shares.

In accordance with applicable regulations and market practices permitted by the AMF, the objectives of the share buyback program are as follows:

- to enable an investment service provider to make transactions on a secondary market or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the AMF Decision No. 2018-01 of July 2, 2018 and all other provisions referred to therein;
- to implement stock purchase option plans as defined in Articles L. 225-177 *et seq.* of the French Commercial Code;
- to allocate performance shares pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code;
- to deliver shares on the occasion of the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date;
- to hold them pending a delivery of shares (as an exchange, payment, or other consideration) in the context of acquisitions, mergers, spin-offs, or asset contributions, subject to prior authorization by the Supervisory Board;
- to allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code;
- to cancel all or part of the shares thus purchased, subject to the prior authorization of the Supervisory Board, in the context of the authorization of the Shareholders' Meeting.

This program also allows the Company to pursue any other purpose that has been or may be authorized by legislation or regulations in force. In such an event, the Company would inform shareholders *via* a press release.

8.3.8.2 Liquidity contract

On October 4, 2005, Wendel entered into a liquidity contract with Oddo Corporate Finance, with a view to making a market and ensuring regular price quotations of its shares, and made €5,000,000 and 80,000 shares available to Oddo.

On September 8, 2011, Wendel contributed an additional €10,000,000, bringing the resources available under the liquidity contract to €15,000,000 and 80,000 shares.

Under the liquidity contract, between January 1 and December 31, 2019, Oddo Corporate Finance:

- purchased on Wendel's behalf 106,561 shares for a total value of €11,537,487.90 and an average unit value of €108.27;
- sold on Wendel's behalf 132,761 shares for a total value of €14,479,658 and an average unit value of €109.07.

Furthermore, the liquidity agreement was suspended from April 17 to December 19, 2019 included, due to the implementation as of April 17, 2019 of the share buyback agreement entered into with Goldman Sachs International on March 26, 2019.

8.3.8.3 Implementation of stock-option and performance share plans

All of the treasury shares acquired directly by Wendel between January 1, 2019 and December 31, 2019 were allocated to external growth operations under the agreement signed on March 26, 2019 with Goldman Sachs International.

8.3.8.4 Delivery of shares in the context of acquisitions, mergers, spin-offs or asset contributions

Between January 1, 2019 and December 31, 2019, Wendel directly acquired 1,645,338 treasury shares allocated to external growth operations. These shares were acquired for a gross value of €202,646,369.63 and an average unit value of €123.16.

8.3.8.5 Cancellation of shares

Between January 1, 2019 and December 31, 2019, Wendel reduced its capital by €6,581,352 by cancelling 1,645,338 shares.

8.3.8.6 Summary of transactions on shares held by the Company as of December 31, 2019

The Company has not repurchased or sold shares for any purposes authorized under the program other than those detailed in section 8.3.8.1 above.

Wendel did not make use of any derivative instruments in the context of this share buyback program.

In the 24 months prior to December 31, 2019, Wendel canceled 1,645,338 shares.

As of December 31, 2019, the Company held 908,950 of its own treasury shares, or 2.03% of the capital.

Summary of the Company's transactions on its own shares from January 1 to December 31, 2019

	Cumulative gross amounts in 2019	
	Purchases	**Sales/Transfers**
Number of shares	1,751,899	210,685
Average maximum maturity	-	-
Average transaction price	€122.26	€82.97
Average exercise price	-	-
Amounts	€214,183,857.53	€17,480,913.96

Open positions as of December 31, 2019

Open long positions			**Open short positions**		
Calls purchased	Puts issued	Forward purchases	Calls issued	Puts purchased	Forward sales
-	-	-	-		
-	-	-	-	-	-

8.3.8.7 Description of the share buyback program submitted for approval to the Shareholders' Meeting of July 2, 2020

The 15th resolution to be proposed at the July 2, 2020 General Meeting asks shareholders to approve the creation of a new share buyback program in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code, Title IV of Book II of the AMF General Regulation, European Regulation No. 596/2014 of the European Parliament and of the Council on market abuse and Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 on conditions applicable to buyback programs and stabilization measures.

Under this program, shares can be bought for any of the following purposes:

- to enable an investment service provider to make transactions on a secondary market or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the AMF;
- to implement stock purchase option plans as defined in Articles L. 225-177 *et seq.* of the French Commercial Code;
- to allocate bonus shares pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code;
- to deliver shares on the occasion of the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date;
- to hold them pending a delivery of shares (as an exchange, payment, or other consideration) in the context of acquisitions, mergers, spin-offs, or asset contributions, subject to prior authorization by the Supervisory Board;
- to allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code;
- to cancel all or part of the shares thus purchased, subject to the prior authorization of the Supervisory Board, in the context of the authorization of the General Meeting;

The purpose of this program would also be to enable the Company to operate for any other purpose that is authorized or that may be authorized by the laws and regulations in force or by any market practice that may be admitted by the AMF. In such an event, the Company would inform shareholders *via* a press release.

The number of shares repurchased under the authorization to be granted to the Executive Board may not exceed 10% of the share capital at the time of the buyback. For informational purposes, as of December 31, 2019, this authorization represented 4,468,230 shares, or a maximum theoretical investment of €1,117,057,500 based on the maximum buyback price of €250 per share (excluding trading fees).

Pursuant to Article L. 225-210 of the French Commercial Code, the Company has made a commitment to keep its holding, both direct and indirect, within the limit of 10% of share capital. As of December 31, 2019, the number of Wendel shares held by the Company was 908,950. In light of the shares already held in treasury, the Company would be able to repurchase 3,559,280 shares, or 7.97% of the share capital, for a maximum amount of €889,820,000, based on the maximum unit purchase price of €250. The Company reserves the right to pursue the program to the full extent of its authorization.

The share buyback authorization will be valid for a period of 14 months from the July 2, 2020 Shareholders' Meeting, *i.e.* until September 2, 2021.

The 16th to be proposed at the July 2, 2020 General Meeting also asks shareholders to authorize the Executive Board to reduce the share capital of the Company through the cancellation of up to 10% of shares repurchased for a 26-month period, *i.e.* until September 2, 2022.

8.3.9 Transactions on Company securities by corporate officers

Summary of transactions on Company shares, pursuant to Article L. 621-18-2 of the French Monetary and Financial Code, carried out by persons with executive responsibilities(1) during 2019.

Name and function	Type of security	Type of transaction	Number of shares
André François-Poncet, Chairman of the Executive Board	Shares	Subscription	5,000
	Options	Became exercisable	11,570
Bernard Gautier, member of the Executive Board until September 9, 2019	Options	Became exercisable	16,892
	Shares	Free shares granted	5,662
	Shares	Subscription	3,000
	Shares	Purchase	1,000
	Shares	Purchase	1,000
Sophie Parise, member of the Supervisory Board representing employees	Shares	Subscription	257
	Shares	Vested	243
	Options	Became exercisable	300

(1) Including transactions carried out by persons closely related to them within the meaning of European Regulation No. 596/2014 on market abuse.

8.3.10 Shareholder agreements

8.3.10.1 Commitments relating to Wendel's capital

The Company has been informed of the following share retention commitments between Wendel-Participations SE and SPIM and certain individual shareholders, in effect as of December 31, 2019:

- commitments to hold shares for a period of six years pursuant to Article 885 I *bis* of the French Tax Code, dated December 3, 2013, relating to 38.58% of the share capital at this date;
- commitments to hold shares for a period of two years pursuant to Article 787 B of the French Tax Code, date December 4, 2017, December 20, 2018 and December 12, 2019, relating to 40.16%, 35.84% and 35.39% of the share capital, respectively, at those dates.

In addition to a commitment to hold shares for a certain amount of time, these commitments also grant a right of first refusal to Wendel-Participations SE and SPIM. The shareholders involved in these obligations are not considered to be acting in concert.

As required by Articles 885 I *bis* and 787 B of the French Tax Code and L. 233-11 of the French Commercial Code, these agreements have been reported to the AMF.

Other retention obligations relating to Wendel shares are listed in section 2.1.7.1, paragraph "Restriction on the sale of Wendel shares by Supervisory and Executive Board members".

8.3.10.2 Shareholder and Corporate governance agreements entered into by the Wendel Group: unlisted companies

As of December 31, 2019, the Wendel Group was party to a number of agreements governing its relationships with its co-investors, whether co-investors in its unlisted subsidiaries or holdings (Allied Universal, Constantia Flexibles, Crisis Prevention Institute, Cromology, IHS, Stahl and Tsebo) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at aligning their interests with their respective companies' performance (Allied Universal, Constantia Flexibles, Crisis Prevention Institute, Cromology, Stahl and Tsebo).

These agreements contain various clauses related to:

- corporate governance (composition of governing bodies, veto rights on certain strategic decisions and information rights);
- terms of share transfers (lock-up periods, pre-emptive rights and rights of first refusal, ban on selling to certain individuals);
- anti-dilution rules in the event of transactions involving the share capital;
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO; and
- non-competition and priority commitments involving acquisition opportunities.

The Constantia Flexibles, Stahl, Allied Universal and Tsebo shareholder agreements also contain the following terms:

- for Constantia Flexibles, the H. Turnauer Foundation, of the founding family of Constantia Flexibles, has the option to request, between 2020 and 2023, that an IPO or a share buyback process by refinancing of the Group be launched, aiming at ensuring the priority liquidity of its stake. Failing such an event, the H. Turnauer Foundation can exercise a put option granted to it by Wendel to sell half of its initial investment at market value, payable in two tranches in cash or in Wendel shares, at the Wendel Group's choice. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts;
- for Stahl, BASF, a minority shareholder, benefits from liquidity commitments granted by Stahl and counter-guaranteed by the Wendel Group in an amount determined on the basis of a predefined margin multiple. These commitments have been recognized in financial liabilities in accordance with accounting principles applicable to minority puts;
- for Allied Universal, the Company and its major shareholders have renewed, in connection with US regulations on Foreign Investment and National Security, (i) various commitments to the US department of Defense, primarily bearing on the governance of the Company (including the appointment of two « independent » directors approved by the US authorities) and (ii) the commitment (by non-American shareholders) to take additional measures (dilution of their stake or restriction of their governance rights) aiming to dilute the influence of foreign interests in Allied Universal in the event of a situation leading to the imposition of additional constraints in respect of this regulation;
- for Tsebo, Capital Group, Tsebo's minority shareholder, has the right, beyond a certain investment period, to trigger an IPO, subject to performance, valuation and liquidity conditions; or, failing that, to sell its investment in Tsebo; and

- with regard to IHS, the shareholder agreement contains a particularly restrictive confidentiality clause.

The agreements with the management teams (managers or former managers) of subsidiaries (Allied Universal, Constantia Flexibles, Crisis Prevention Institute, Cromology, Stahl and Tsebo) also contain provisions relative to:

- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period of time (between the 6th and 12th anniversaries of the completion of the co-investment, depending on the relevant agreement); and/or
- the handling of executive departures (commitment to sell shares in the event of the departure of an executive from a subsidiary and/or commitment to buy shares in certain specific cases).

Co-investment terms for senior managers in the subsidiary companies are described in greater detail in note 4-2 to the 2019 consolidated financial statements relating to the "Participation of subsidiaries' managers in the performance of their companies".

As part of the liquidity commitments under these agreements, in the absence of a liquidity event (divestment or IPO) before certain predetermined dates, the Wendel Group (depending on the situation, Wendel's holdings or the investments themselves) can be required to buy back or guarantee the buyback of the shares held by subsidiary managers (or former managers) in Constantia Flexibles, Crisis Prevention Institute, Cromology, Stahl and Tsebo. The value applied to these liquidity commitments is the market value determined by the parties or an independent appraiser.

Liquidity mechanisms will also be provided to Wendel managers with exposure, in connection with co- investment mechanisms, to Allied Universal, Constantia Flexibles, Crisis Prevention Institute, IHS and Tsebo (see note 4-1 relating to the "Participation of Wendel managers in Group investments" of the 2019 consolidated financial statements).

8.3.10.3 Shareholder and corporate governance agreements entered into by the Wendel Group: listed companies

Wendel having sold its stake in Saint-Gobain's share capital, the agreements mentionned in the statement published on May 26, 2011, became null and the term of office of Frédéric Lemoine, member of the Saint-Gobain's Board of Directors representing Wendel, will expire following the Shareholders' Meeting of June 4, 2020. From this date, no member representing Wendel will be part of the Board of Directors of Saint-Gobain anymore.

8.3.11 Factors likely to have an impact in the event of a takeover offer

Pursuant to Article L. 225-100-3 of the French Commercial Code, to the best of the Company's knowledge, the items that might have an impact in the event of a takeover bid are as follows:

- as of December 31, 2019, Wendel-Participations SE (and related parties) held 39.06% of the share capital, 51.46% of the theoretical voting rights and 52.16% of the exercisable voting rights of Wendel SE;
- a public offer must be filed for the listed subsidiary of a target issuer pursuant to Article L. 433-3, III of the French Monetary and Financial Code; as of December 31, 2019, Wendel held 35.57% of the share capital and 51.30% of the theoretical voting rights of Bureau Veritas, which is listed on Euronext Paris and constitutes one of its key assets;
- agreements authorizing the Company and its international locations to use the last name " Wendel " and the " Wendel " trademark: these agreements contain a termination clause in the event that Wendel-Participations SE's interest in the Company falls below 33.34% of the share capital for one hundred twenty consecutive days (see section 9.1.1, " Statutory Auditor's special report on related-party agreements and commitments with related third parties ");
- the granting of double voting rights to fully paid-up shares that have been registered with the Company for at least two years in the name of the same shareholder (see section 8.4.4.3 Voting rights and acquisition of double voting rights);
- change-of-control clauses in bond indentures and certain loan agreements of Wendel and its subsidiaries (see « Managing Liquidity Risk » in note 5-2 to the consolidated financial statements);
- right of first refusal: the share-retention commitments of certain shareholders grant a right of first refusal to Wendel-Participations SE or SPIM (see section 8.3.10 Shareholder agreements above);
- appointment of members of the Executive Board: members of the Executive Board are appointed by the Supervisory Board, of which 45% are independent members and 55% are members of the Wendel family;
- changes to the by-laws: prior authorization from the Supervisory Board required to amend the by-laws;
- termination payments for Executive Board members: the departure of members of the Executive Board in the event of a change of control of the Company would result in the payment of termination payments to André François-Poncet (see section 2.2.1.1 "Compensation policy for Executive Board members", paragraph " Termination payments");
- Statutory ownership threshold disclosures: threshold crossings must be declared every 2% of share capital and voting rights held.

8.4 Information on the Company and principal by-laws

8.4.1 General information

Company name

Wendel

Registered office

89, rue Taitbout, 75009 Paris (France)

Telephone: +33 1 42 85 30 00 – Fax: +33 1 42 80 68 67

Website: www.wendelgroup.com

Please note that the information on the website is not part of this Universal Registration Document.

Official registration

The Company is registered in the Paris Company Register *(Registre du commerce et des sociétés)* under number 572 174 035; its APE Code is 7010Z.

Date founded and duration

The Company was formed on December 4, 1871 for a period of 99 years, subsequently extended to July 1, 2064, barring a new extension or early dissolution.

LEI Code (legal entity identifier)

969500M98ZMIZYJD5O34

Legal structure and applicable legislation

Wendel is a European company with an Executive Board and a Supervisory Board since July 2015, pursuant to a decision of the General Meeting of June 5, 2015. It is governed by European and French legislative and regulatory provisions that are or will be in force.

Fiscal year

The fiscal year runs for 12 months, beginning on January 1 of each year.

Access to legal documents and regulated information

Legal documents relating to the Company may be viewed at the registered office. Ongoing or periodic regulated information may be viewed on the Company's website, at www.wendelgroup.com, under the heading " Regulated information ".

8.4.2 Principal by-laws

Wendel's by-laws may be viewed on the Company's website, at www.wendelgroup.com, under the heading "Regulated information ".

8.4.2.1 Purpose of the Company

Pursuant to Article 3 of the by-laws, the Company has the following purpose, in all countries, directly or indirectly:

- equity holdings in industrial, commercial and financial companies of any nature through the creation of new companies, transfers of subscriptions or purchases of shares or ownership rights, mergers, alliances, partnerships or otherwise; any disposals, exchanges or other operations concerning these shares, ownership rights or equity interests;
- the purchase, rental and operation of any equipment;
- the acquisition, sale and commercial use of any processes, patents, or patent licenses;
- the acquisition, operation, sale or exchange of any real estate or real estate rights;
- and generally, any commercial, industrial, financial, investment and real estate operations directly or indirectly related to the above-mentioned activities or to all similar or connected activities.

8.4.2.2 Appropriation of net income

Article 27 of the by-laws provides for the following:

1. at least 5% of net income for each year, less any losses carried forward from prior years, is credited to the legal reserve until such time as the legal reserve represents one-tenth of share capital, as well as any amount credited to reserves pursuant to applicable legislation.
   - Distributable earnings include net income for the year plus any unappropriated retained earnings carried forward from prior years;
   - Of this amount, shareholders may decide in their Annual Meeting to deduct, on the recommendation of the Executive Board:
     – the amounts they consider should be allocated to any special reserve account,
     – the sum required to serve a revenue on shares based on the amount of paid-up, non-repaid capital within the limit of 5% per year,
     – the amounts they consider should be allocated to the general reserve or to share capital repayment;
2. any remaining balance is distributed to shareholders, less the sum allocated to retained earnings;
3. on the condition that all earnings available for distribution have been allocated in the form of dividends and on the recommendation of the Executive Board, shareholders at their Ordinary General Meeting may allocate any amounts transferred from the share premium account;
4. as an exception to the provisions of the present article, funds may be allocated to the special employee profit-sharing reserve under the terms and conditions set by law;
5. dividends are paid in the form and at the times determined by shareholders at their Ordinary Meeting or by the Executive Board with the authorization of shareholders at their Ordinary Meeting in accordance with applicable legislation. The Executive Board may decide to distribute an interim dividend before the approval of the financial statements for the year in accordance with applicable legislation.
   - On the recommendations of the Executive Board, the shareholders, convened in their General Meeting to approve the year's financial statements, may offer each shareholder the choice to receive payment of all or a part of the distributed dividend (or interim dividend) in cash or in shares, under the terms and conditions defined by applicable legislation;
6. the shareholders at their Ordinary General Meeting may also decide to distribute earnings, reserves or share premium amounts in kind, in particular by distributing marketable securities from among the assets on the balance-sheet of the Company, with or without a cash option. The Annual Meeting may decide that the rights comprising fractional shares will not be negotiable or transferable, notwithstanding the provisions of Article 11. III of the by-laws. In the event marketable securities are distributed from among the assets on the balance-sheet of the Company, the shareholders may decide that, if the amount of the dividend does not correspond to a whole number of securities, the shareholder will receive the whole number of securities immediately below plus a cash payment for the balance.

In accordance with current legislation, dividends not claimed within five years from the date on which they were to be paid are forfeited and the amounts paid over to the State.

8.4.2.3 Executive Board membership

See section 2.1.4 " The Executive Board and its operations ".

8.4.2.4 Supervisory Board membership

See section 2.1.1 " The Supervisory Board and its operations ".

8.4.2.5 Ownership thresholds that must be reported to the Company

In accordance with Article L. 233-7 of the French Commercial Code and Article 28 of the by-laws, any individual or corporate shareholder, acting alone or in concert with other shareholders, who comes to own a number of shares or voting rights representing more than 2% of the share capital or voting rights, or any multiple thereof, is required to so inform the Company within four trading days of crossing this threshold.

The same disclosure requirements apply when the number of shares or voting rights held is reduced to below the 2% threshold or any multiple thereof.

Failure to comply with the above requirements is sanctioned, as prescribed by law, by the deprivation of voting rights for those shares exceeding the fraction that should have been disclosed, for all Shareholders' Meetings held within two years of the date on which the failure to give proper notice to the Company was rectified. This sanction is applicable at the request (recorded in the minutes of the Annual Meeting) of one or more shareholders holding at least 2% of the number of shares or voting rights.

8.4.3 Principal new investments and acquisitions of controlling interests

Wendel's investment activities generate a certain turnover in its portfolio. Over the past three years, its principal investments and divestments have been as follows:

In 2017, Wendel completed the acquisition of 65%[1] of the capital of Tsebo on February 1, 2017 and invested €159 million[2] as part of that transaction; sold 3.9% of Saint-Gobain capital for a total amount of €1,085 million at the end of May and at the beginning of June; tendered all of its 5.7 million exceet Wendel shares (27.8% of share capital) to the offer of Active Ownership Capital, through White Elephant SARL, for total proceeds of €16.6 million.

In 2018: sale of CSP Technologies to AptarGroup, Inc. for net proceeds of $342 million in August 2018, sale of Mecatherm to Unigrains for net proceeds of €84 million in September 2018, sale of Saham Group for net proceeds of $155 million in October 2018, reinvestment of $78 million in Allied Universal for the acquisition of US Security Associates in October 2018, sale of 4.73% of the share capital of Bureau Veritas for an amount of approximately €400 million in October 2018, sale of Nippon Oil Pump to CITIC Capital Japan Partners III, LP for net proceeds of approximately €85 million in November 2018. In December 2018, Wendel announced the acquisition of 8% of Stahl share capital from Clariant for €50 million.

In 2019: since Jarnuary sale of the majority of Saint-Gobain shares for a total amount of €468 million; in January 2019, sale of Wendel's stake in PlaYce to CFAO for a net profit of €32.2 million in February 2019; reinvestment of €125 million in Cromology when its debt was renegotiated in May 2019; sale of 79% of Wendel's interest in Allied Universal for a net profit of $721 million in December 2019; capital injection in Tsebo amounting to $17.7 million to strenghten its financial structure; acquisition of Crisis Prevention Institute for an equity investment of $569 million in December 2019.

The Company's 2019 activities are detailed in chapter 1 and in the changes in consolidation scope detailed in the notes to the consolidated financial statements.

Press releases on Wendel's transactions are posted on its website, at www.wendelgroup.com, under the heading " Regulated information ".

As of the date of this Universal Registration Document, no other investment plans are sufficiently far advanced for Wendel's management to have made any firm commitments.

(1) *Percentage ownership before co investment from Tsebo's management for a stake of around 2.5% of capital.*
(2) *After taking into account currency hedging, put in place after signing the agreement in September 2016.*

8.4.4 How to take part in the Shareholders' Meeting

All shareholders have the right to participate in Shareholders Meetings under the conditions set down by the law.

Article 25 of the by-laws provides for the following:

8.4.4.1 Invitation to attend Shareholders' Meetings

Shareholders' Meetings are convened and held as prescribed by European regulations and French laws in force that are applicable to a European company.

They are held at the Company's registered office, or at another location, as indicated in the invitation to the meeting.

8.4.4.2 Participation in Shareholders' Meetings

Any shareholder whose shares are registered in an account in the manner and at the date set by the applicable legal and regulatory provisions may participate in the Shareholders' Meetings on proof of his or her qualification and identity.

All shareholders meeting the required conditions have the right to participate in Shareholders' Meetings personally or by proxy, or to vote by mail. Voting forms are not counted unless they are received at the address indicated in the notice of meeting no later than the third business day preceding the date of the meeting, notwithstanding any earlier deadline set by the Executive Board.

As proof of shareholders' right to participate in the Company's General Meeting, shares must be deposited in a securities account in their name or in the name of the financial intermediary that holds them on their behalf no later than midnight Paris time before the second business day prior to the meeting:

- for holders of registered shares: in the registered securities accounts held by the Company;
- for holders of bearer shares: in the bearer securities accounts of the authorized financial intermediary pursuant to the regulations in force.

In accordance with applicable law, the Executive Board may organize shareholder participation and voting *via* videoconferencing or other telecommunication systems that enable shareholder identification, including electronic systems. Shareholders who participate in General Meetings through videoconferencing or such other system are deemed present for the purposes of calculating the quorum and the majority.

Any proxies or votes submitted using an electronic method prior to the General Meeting, as well as the corresponding acknowledgements of receipt, are considered to be irrevocable and enforceable, it being specified that in the event of the sale ofshares prior to the date and time set by legal and regulatory provisions in force, the Company shall accordingly invalidate or amend, as applicable, the proxies or votes cast prior to that date and that time.

8.4.4.3 Voting rights and acquisition of double voting rights

Voting rights attached to the shares are proportionate to the percentage of capital they represent.

Nevertheless, double voting rights are granted to fully paid-up shares that have been registered with the Company for at least two years in the name of the same shareholder.

In the event of a capital increase through the capitalization of reserves, distributable net income or share premium amounts, double voting rights may be granted at issue on the registered shares thus distributed to shareholders in proportion to their existing shares that benefited from this right.

Shares converted to bearer shares or transferred to another owner lose their double voting rights. However, registered shares that are transferred by way of an inheritance, the liquidation of a marital estate or a gift to a spouse or a direct relative do not lose their double voting rights and are considered as having remained the property of the same shareholder for the purpose of determining the two-year minimum holding period. The same terms apply in the event of a transfer resulting from the merger or demerger of a corporate shareholder.

Identifiable bearer shares

Article 9 of the by-laws allows shares to be held in registered or bearer form at the shareholder's discretion.

The Company has the right to request identification of the holders of shares carrying current or future voting rights at its Shareholders' Meetings and the number of shares so held, in accordance with legislation in force.

The conversion of registered shares into bearer shares, and vice versa, shall take place in accordance with the legislation in force.

Modification of shareholder rights

In the absence of specific provisions in the by-laws, any change in the rights attached to shares is subject to legislation in force.

9

SHAREHOLDERS' MEETING OF JULY 2, 2020

9.1 Statutory Auditors' reports

9.1.1 Statutory Auditors' special report on related-party agreements

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

(General Meeting of shareholders for the approval of the financial statements for the year ended December 31, 2019)

To the Wendel's General Meeting of shareholders,

In our capacity as Statutory Auditors of Wendel (the « company »), we hereby report to you on related-party agreements.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of the agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code, to evaluate the benefits resulting from these agreements and commitments prior to their approval.

It is also our responsibility, where applicable, to provide you with the information required under Article R. 225-58 of the French Commercial Code regarding the implementation, during the year, of agreements already approved by the General Meeting of shareholder.

We performed the procedures we deemed necessary to comply with the professional guidance issued by the French national auditing body (Compagnie nationale des commissaires aux comptes) for this type of engagement. These procedures consisted in verifying that the information given to us is consistent with the underlying documents.

I. Agreements submitted for the approval of the general meeting of shareholders

1. Agreements authorized and/or concluded during the year

Pursuant to Article R.225-88 of the French Commercial Code, we have been informed that the following agreements, concluded through the year or since the year ended, were previously authorized by your Supervisory Board.

A. With Mr. David Darmon, member of your company's Executive Board since September 9, 2019

Co-investment commitments

With the authorization of the Supervisory Board dated September 27, 2019, the terms of Mr. David Darmon's participation in co-investments have been set as follows:

- for new investments under the 2018-2021 co-investment program (as described in paragraph II.B.c) of the second part of this report), Mr. David Darmon has the option to co-invest 6.7% of the 0.5% share reserved for co-investment by members of the Wendel team, in accordance with the terms and conditions of this program;
- for reinvestments in companies existing in the Company's portfolio prior to September 9, 2019, Mr. David Darmon's co-investment percentage is that applicable to the initial investment.

The Supervisory Board considered that these terms were in the interest of the Company, taking into account, on the one hand, the co-investment terms applicable to Mr. David Darmon in his capacity as an employee prior to his appointment and as a member of the Executive Board and, on the other hand, the overall balance of the terms negotiated with Mr. David Darmon in connection with his appointment as a member of the Executive Board.

B. With Mr. André François-Poncet and Mr. David Darmon, members of your company's Executive Board

a) Co-investment of members of the Executive Board in CPI

On December 23, 2019, the Wendel Group invested USD 569 million in the Crisis Prevention Institute (CPI).

In this context, Mr. André François-Poncet and Mr. David Darmon respectively invested, with prior authorization from the Supervisory

Board on November 6, 2019, 106 thousand Euros and 177 thousand Euros, of which 90% on a mutualized basis and 10% on a deal-by-deal basis, in accordance with the applicable rules for the period 2018-2021 (as described in paragraph II.Bc) of the second part of this report).

This co-investment was made through, for the deal-by-deal part, the Expansion 17 SCA FIAR fund (one sub-fund for each investment) and, for the mutualized part, the Global Performance 17 SCA FIAR fund, which opened a second sub-fund for all investments for the period 2018-2021.

The Supervisory Board noted the value of allowing members of the Executive Board to invest in CPI alongside the Group in order to align their interests with those of the Group.

b) Promises to purchase and sell with Trief Corporation

In application of the co-investment principles for the period 2018-2021 approved by the General Meeting of May 17, 2018 (as described in paragraph II.B.c) of the second part of this report), and with the prior authorization of the Supervisory Board meeting of March 21, 2018, the members of the Executive Board entered into agreements of purchase and sale on 19 December 2019 with Trief Corporation, a wholly-owned subsidiary of Wendel, relating to their co-investments made or to be made through Global Performance 17 SCA and Expansion 17 SCA, companies authorized as reserved alternative investment funds (FIAR) by the competent Luxembourg authorities.

The Supervisory Board considered that the purpose of these promises is to settle the fate of the co-investments of the members of the Executive Board in the event of departure from the Wendel Group before the occurrence of liquidity events affecting the companies in which they have co-invested through the aforementioned FIARs.

C. With Wendel-Participations SE

Persons concerned:

- Wendel-Participations SE, a shareholder with more than 10% of the voting rights;
- Mr. Nicolas ver Hulst (Director), Ms. Bénédicte Coste (Director), Mr. Edouard de l'Espée (non-voting director), Ms. Priscilla de Moustier (CEO), Mr. François de Wendel (non-voting director), Mr. Humbert de Wendel (Director) of Wendel-Participations SE, and also members of the Supervisory Board of Wendel SE.

Agreements on the use of the "Wendel" trademark

By way of two agreements dated May 15, 2002, SLPS, SOGEVAL, and Wendel-Participations authorized your Company to use the Wendel family name as its corporate and commercial name, and granted your Company an exclusive license to use the trademark "WENDEL Investissement".

These agreements were entered into without consideration and for an indefinite period, with the stipulation that they may be revoked if the direct or indirect interest of the family companies in the capital of your Company remains less than 33.34% for 120 consecutive days. If this right of revocation is not exercised within 60 days after the expiration of the said 120-day period, the right to use the name and the exclusive license to use the trademark will become final and irrevocable.

The trademark license agreement dated May 15, 2002 was amended by amendments dated October 25, 2013, December 8,2015 and March 21, 2018 in order to define the rules for the use of the Wendel trademark abroad.

Within the framework of the merger-absorption of Winvest Conseil by Trief Corporation, a wholly-owned subsidiary of Wendel, Wendel-Participations, owner of the Wendel trademark, and the Company entered into an amendment to the trademark license agreement dated May 15, 2002, on February 18, 2020, in order to authorize the use of the Wendel trademark for the entity resulting from the merger. The trademark license agreement has not been modified in other respects.

At its meeting of November 6, 2019, the Supervisory Board authorized the conclusion of the aforementioned amendment and noted the value of continuing these agreements, which allow Wendel to use, free of charge and for an indefinite period, a trademark recognized in connection with its activities in France and abroad.

2. Agreements authorized and concluded since the year end

We have been informed of the following agreements authorized and concluded since the year end, previously authorized by your Supervisory Board.

A. With Mr. David Darmon, member of the Executive Board since September 9, 2019

a) *Transition Agreement* relating to the US employment contract

The Supervisory Board, at its meeting of February 5, 2020, authorized the conclusion of a *Transition Agreement* between Wendel North America LLC and Mr. David Darmon.

The *Transition Agreement*, concluded on March 4, 2020, aims to:

- set the end date of the US employment contract on July 31, 2020 at the latest;
- agree on the conditions of application of the US employment contract from the date of appointment of Mr. David Darmon as a member of the Executive Board, i.e., September 9, 2019, until the expiration of said contract, i.e., July 31, 2020 at the latest.

Under the terms of the Transition Agreement, from September 9, 2019 and until the expiration date of the US employment contract, Mr. David Darmon:

- is exempted from carrying out any activity by Wendel North America LLC;
- no longer receives the fixed and variable compensation provided for in the US employment contract;
- is no longer eligible for the stock option, performance share, Co-investment and savings plans set up within the Wendel Group and its subsidiaries;

- continues to receive an expatriation allowance of US$ 80,621 gross per month for the duration of the above-mentioned period.

The Supervisory Board considered that these adjustments were in the interest of the Company, given the need to rearrange the conditions of application of the US employment contract in light of the appointment of Mr. David Darmon to the Executive Board.

b) Amendment to the French employment contract

At its meeting of February 5, 2020, the Supervisory Board authorized the conclusion of an amendment to Mr. David Darmon's employment contract with Wendel SE.

Mr. David Darmon is an employee of the Company under an employment contract under French law that came into force on July 4, 2005. By letter dated May 31, 2013, this employment contract was suspended as part of his expatriation to the United States of America, within Winvest Advisors North America, which became Wendel North America LLC. During his expatriation in the United States of America, Mr. David Darmon served as CEO of Wendel North America LLC under an employment contract governed by US law entered into on May 31, 2013.

The purpose of the amendment to the French employment contract, concluded on March 4, 2020, is to:

- confirm the continuation of the suspension of the French employment contract during his term of office as member of the Executive Board, it being specified that at the end of his term of office, subject to applicable legal provisions, Mr. David Darmon will be reintegrated into Wendel in a position equal or equivalent to that of Deputy Chief Executive Officer and member of the Investment Committee;
- agree on the conditions applicable to Mr. David Darmon during the transitional period from September 9, 2019 until the effective term of the US employment contract, which is scheduled to end no later than July 31, 2020, and in particular on the continuation of Mr. David Darmon's membership in the following various social protection plans, with contributions being borne by the Company:
  - affiliation to the Caisse des Français à l'Etranger: insurance against sickness-maternity-disability and accidents at work/occupational diseases, participation in the basic retirement pension scheme of the French general scheme;
  - affiliation to the CRE-IRCAFEX supplementary pension schemes (Agirc-Arrco institutions);
  - affiliation against the risk of job loss: with Pôle Emploi International until December 31, 2019, with Mr. David Darmon benefiting from GSC unemployment insurance (social guarantee for company directors) as of January 1, 2020;
  - welfare - health expenses: Mr. David Darmon benefits from the health and welfare schemes attached to the above-mentioned French voluntary social security schemes;
- set the reinstatement salary applicable on the day of reactivation of the French employment contract as follows (subject to increases decided at the time of the annual compensation review):
  - basic gross annual salary: 490,000 Euros;
  - maximum gross variable compensation for a full year: 490,000 Euros;
- specify that the period of expatriation within Wendel North America LLC will be taken into account in determining the seniority of Mr. David Darmon (it being specified that, in accordance with applicable legal provisions, the period of exercise of the corporate office as a member of the Executive Board is not taken into account for the calculation of seniority).

The Supervisory Board authorized these adjustments to allow Mr. David Darmon to exercise his corporate office as a member of the Management Board under satisfactory social conditions, taking into account his expatriation. The Supervisory Board considered that these arrangements were in the interest of the Company, taking into account, on the one hand, the seniority of Mr. David Darmon as an employee of the Company and, on the other hand, the overall balance of the terms negotiated with Mr. David Darmon in connection with his appointment as a member of the Executive Board.

B. With Mr. André François-Poncet and Mr. David Darmon, members of your company's Executive Board

Guarantee agreements in the event of disputes relating to the exercise of corporate offices

At its meeting of March 18, 2020, the Supervisory Board authorized the conclusion of a letter of guarantee with Mr. André François-Poncet and Mr. David Darmon respectively.

Under this letter of guarantee dated March 18, 2020, Wendel assumes, in accordance with the terms and limits of the applicable insurance policies, the defense costs and the financial consequences resulting from claims related to the corporate offices, as the case may be, of the Chairman of the Executive Board or member of the Executive Board of Wendel, as well as to the corporate offices they hold within one or more entities of the Wendel Group. The guarantee is subject to various conditions and provides for several exclusions from its application, in particular in the event of willful misconduct, unlawful personal benefit or criminal sanction.

The Supervisory Board considered that it was in the interest of the Company to allow the Company to cover the defense costs and the financial consequences that could adversely affect the actions of the members of the Executive Board, as long as the action of the corporate officer is taken in the interest of Wendel, it being specified that the implementation of the guarantee should be exceptional due to the corporate officers' liability insurance coverage.

3. Agreements not previously authorized

Pursuant to Articles L. 225-90 and L. 823-1219 of the French Commercial Code, we bring to your attention the following agreements which were not previously authorized by your Supervisory Board, given their lack of materiality. These agreements were ratified ex post by the Supervisory Board.

Our role is to communicate to you the circumstances which explain why the authorization procedure was not followed.

A. With Mr. David Darmon, member of your company's Executive Board since September 9, 2019

a) Additional co-investment in Tsebo

At its meeting on February 5, 2020, the Supervisory Board ratified ex post the reinvestment of Mr. David Darmon, member of the Executive Board since September 9, 2019, as part of a marginal reinvestment made by Wendel in Tsebo.

In December 2019, Mr. David Darmon reinvested 1.3 thousand Euros in Tsebo via the Expansion 17 SCA FIAR and Global Performance 17 SCA FIAR funds, in accordance with the 2013-2017 co-investment principles (as described in paragraph II.B.b) of the second part of this report).

The Supervisory Board noted the value of allowing Mr. David Darmon to invest in this company alongside the Group in order to align his interests with those of the Group.

b) Additional co-investment in IHS

At its meeting on February 5, 2020, the Supervisory Board ratified ex post the reinvestment of Mr. David Darmon, member of the Executive Board since September 9, 2019, as part of a marginal reinvestment made by Wendel in IHS.

In December 2019, Mr. David Darmon reinvested 2,000 Euros in IHS, via the Oranje-Nassau Développement SA FIAR fund, in accordance with the 2011-2012 investment principles (as described in paragraph II.B.a) of the second part of this report).

The Supervisory Board noted the value of allowing Mr. David Darmon to invest in this company alongside the Group in order to align his interests with those of the Group.

The prior authorization procedure for these agreements was not followed by your Supervisory Board by omission, given their lack of materiality.

B. With Ms. Sophie Parise, member of your company's Supervisory Board

a) Co-investment in CPI

At its meeting of March 18, 2020, the Supervisory Board ratified ex post the investment of 8,000 Euros made by Ms. Sophie Parise, member of the Supervisory Board representing the Company's employees, as part of the Wendel Group's investment in Crisis Prevention Institute (CPI), distributed in equal shares between the mutualized/deal-by-deal, in accordance with the co-investment rules applicable for the period 2018-2021 (as described in paragraph II.B.c of the second part of this report).

Ms. Sophie Parise is eligible for co-investment as an employee of Wendel.

The Supervisory Board noted the interest of allowing Ms. Sophie Parise to continue her co-investments in respect of her salaried position, notwithstanding her term of office as a member of the Supervisory Board.

b) Promises to purchase and sell with Trief Corporation

In accordance with the co-investment principles for the 2018-2021 period approved by the Shareholders' Meeting of May 17, 2018, the Supervisory Board, at its meeting of March 18, 2020, ratified ex post the conclusion on 19 December 2019 with Trief Corporation, a wholly-owned subsidiary of Wendel, of the purchase and sale agreements relating to the co-investments of Ms. Sophie Parise made or to be made during this period through the Global Performance 17 SCA and Expansion 17 SCA, reserved alternative investment funds (FIAR).

The Supervisory Board considered that the purpose of these promises is to settle the fate of the co-investments of Ms. Sophie Parise in the event of departure from the Wendel Group before the occurrence of liquidity events affecting the companies in which they have co-invested through the aforementioned FIARs.

The prior authorization procedure for these agreements was not followed by your Supervisory Board by omission, given their lack of materiality.

II. Agreements previously approved by Shareholders' Meeting

Agreements approved during previous financial years that remained in force during the past financial year

Pursuant to Article R.225-57 of the French Commercial Code, we have been informed that the following agreements, previously approved by Shareholders' Meetings of prior years, have remained in force during the year.

A. Agreements between Wendel and Wendel-Participations SE

Persons concerned:

- Wendel-Participations SE, a shareholder with more than 10% of the voting rights;
- Mr. Nicolas ver Hulst (Director), Ms. Bénédicte Coste (Director), Mr. Edouard de l'Espée (non voting director), Priscilla de Moustier (CEO), François de Wendel (non-voting director), Humbert de Wendel (Director) of Wendel-Participations SE, and also members of the Supervisory Board of Wendel SE.

a) Service agreement for administrative assistance

On September 2, 2003, Wendel entered into a service agreement with Wendel-Participations to provide administrative assistance services. Wendel invoiced a total of €13,000 before tax under this agreement in respect of 2019.

On March 18, 2020, the Supervisory Board acknowledged it was in Wendel's best interests to maintain this agreement, given that it allows for synergies and smooth relations between the two companies.

b) Agreement to rent premises

On September 2, 2003, Wendel entered into an office rental agreement with Wendel-Participations. Wendel invoiced a total of €45,239 before tax under this agreement in respect of 2019.

On March 18, 2020, the Supervisory Board acknowledged it was in Wendel's best interests to maintain this agreement, insofar as it allows for smooth cooperation between the two companies.

c) Agreement on the provision of country-by-country reporting (CBCR) and anti-corruption (Sapin 2 Law) services

Following the authorization of the Supervisory Board on October 18, 2017, your company and Wendel-Participations signed a service agreement on December 18, 2017, whereby your Company provides Wendel-Participations with country-by-country reporting (CBCR) and anti-corruption (Sapin 2 Law) services.

The total amount billed for these services with respect to the 2019 financial year was €35,000 before tax.

On March 18, 2020, the Supervisory Board acknowledged it was in Wendel's best interests to maintain these agreements, which allow Wendel-Participations to respect their legal obligations

B. Co-investments by members of the Executive Board

a) Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel in 2011 and in April 2013 (and to later re-investments made by Wendel in these companies)

For acquisitions carried out by Wendel in 2011 and 2012, the members of the Wendel management team invested personally alongside your Group in Oranje-Nassau Développement SA Sicar, which held the Group's investments in the unlisted company IHS in 2019.

The general principles applicable to these co-investments are as follows:

(i) the co-investors invest alongside your Group, at Wendel's request, a maximum overall amount of 0.5% of the total amounts invested by Wendel;

(ii) 30% of the amount invested by the management teams is invested under the same conditions as Wendel (pari passu co-investment);

(iii) the remaining 70%, i.e., a co-investment of 0.35% of the total invested by Wendel, gives entitlement, in the case of events defined in paragraphs (v) and (vi) below, to 7% of the capital gains (leveraged co-investment), on condition that Wendel has obtained a minimum annual return of 7% and a cumulative return of 40% on its investment; failing this, the co-investors will lose the 70% invested;

(iv) the rights to leveraged co-investment benefits are vested gradually over a period of four years in five 20% tranches (20% at the investment date, then 20% at each anniversary date);

(v) the potential capital gain is realized in the event of total divestment, change of control, sale of over 50% of the shares owned by your Group or the stock market flotation of the company concerned; depending on the situation, the liquidity granted to the co-investors may be total or in proportion to the shareholding transferred;

(vi) at the end of an eight-year period as from the initial investment by your Group and failing any total divestment or stock market flotation, the potential capital gain is also realized on one-third of the amounts invested by the co-investors; the same holds true after ten years, then twelve years, if no total divestment or stock market flotation has taken place in the meanwhile; in these cases, the co-investment is valued at the end of each period by an internationally-recognized independent expert.

In the event of the departure of a member of the management team:

- the person concerned has undertaken to sell to your Group:
  - his or her unvested shares in Oranje-Nassau Développement SA Sicar at their original value, regardless of the reasons for his/her departure from your Group, and
  - his or her vested shares in Oranje-Nassau Développement SA Sicar, at their market value in the event of gross misconduct resulting in dismissal or removal from office or non-renewal of office, (b) for €1 with an earn-out at market value in the case of a liquidity event when the departure is due to dismissal or removal from office for serious misconduct; and (c) at their original value or the market value, whichever is higher, in the event of death.
- your Group has undertaken to purchase from the person concerned:
  - his or her unvested shares in Oranje-Nassau Développement SA Sicar at their original value in the event of his/her dismissal, removal from office or non-renewal of term (except in the event of gross/serious misconduct), or in the event of death, and
  - his or her vested shares in Oranje-Nassau Développement SA Sicar at their market value in the event of his/her dismissal, removal from office or non-renewal of term (except in the event of gross/serious misconduct), and at the higher of the original value or the market value in the event of death.

The principles applicable to co-investments relating to acquisitions made by Wendel between 2011 and April 2013 (as well as to subsequent reinvestments made in these companies) remain unchanged.

In application of these principles, Wendel's managers have personally invested alongside the Group in Parcours, Mecatherm and IHS. These co-investments were made through a Luxembourg venture capital company, Oranje-Nassau Développement SA SICAR, which was set up in 2011 and transformed at the end of 2019 into a reserved alternative investment fund (FIAR).

The co-investments in Parcours and Mecatherm were unwound following the disposal of these companies at the end of 2016 and 2018 respectively. The co-investment in IHS remains in effect.

At the end of 2019, as part of a marginal reinvestment made by Wendel in IHS, Mr. David Darmon, member of the Executive Board, reinvested 2,000 Euros, as mentioned in paragraph I.3.A.b) of the first part of this report.

On March 18, 2020, the Supervisory Board acknowledged it was in Wendel's best interests to maintain the 2011-2012 co-investment program, given that Mr. David Darmon had co-invested on the basis of these terms and was still committed to IHS.

b) Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel in 2011 and in April 2013 (and to later re-investments made by Wendel in these companies)

In 2013, Wendel changed the rules for investments made by the Group in new companies acquired between April 2013 and April 2017 in order to add a mutualized share and increase the minimum return condition for the Group. The members of the Wendel management team invested personally alongside your Group in Expansion 17, SA Sicar and Global Performance 17 SA Sicar, which held the Group's investments in the unlisted companies Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo in 2019.

The general principles applicable to these co-investments are as follows:

- 35% of the amount co-invested gives the right, if a liquidity event occurs, to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return is at least 10% (carried interest deal by deal);
- 35% of the amount co-invested gives the right to 3.5% of the capital gain calculated on all of the co-investments of the period, on the condition that Wendel's annual return, calculated for all of these investments as a whole, is at least 7% (mutualized carried interest); if Wendel has not fully divested each of the investments of the period, or has listed them on a stock exchange, any capital gain will be allocated equally in 2024 and 2025 (the investments remaining in the portfolio being valued by an independent expert in every case);
- the remaining 30% is co-invested pari passu with Wendel, 15% on a deal-by-deal basis, and 15% on a mutualized basis;
- the co-investors having committed to participating in the 2013-2017 co-investment program are required to invest in all of the investments for the period with respect to the mutualized portion (carried interest and pari passu); failing this, the co-investor concerned will lose all of his or her rights, except for cases of force majeure, where the co-investor will simply be diluted pro rata for the unsubscribed portion;
- co-investors who have met their commitment to co-invest in the mutualized portion may invest the same amount on a deal-by-deal basis (carried interest and pari passu), without obligation.

The other co-investment rules have not changed:

- the amount co-invested may not exceed 0.5% of Wendel's investment;
- liquidity events are defined as total divestment, change of control, sale of over 50% of the securities held by the Group or the stock market flotation of the company concerned;
- for investments on a deal-by-deal basis, one-third of the amount invested is distributed to the co-investors, failing any total divestment or stock market flotation, eight, ten and twelve years after the initial investment;

- carried interest rights vest gradually over four years in five 20% tranches, including 20% at the investment date; for Global Performance 17 SA Sicar, this period begins with the first investment;
- in the event of the departure of a member of the management team, the commitments made and received by the co-investors and your Group are identical to those under the framework agreement on the co-investments made by the management team relating to acquisitions made by Wendel between 2011 and 2012 (and to the subsequent re-investments made by Wendel in these companies), as described above.

The Executive Board's share of the co-investment is equal to one-third of the total co-investment, i.e. 20% for the former Chairman of the Executive Board (for subscriptions made prior to the end date of his term of office) and 13.33% for Bernard Gautier.

On February 11, 2015, the Supervisory Board specified that the date to be used to determine any applicable rate of exchange is the date of the capital increases of Expansion 17 SA Sicar and Global Performance 17 SA Sicar, reflecting the co-investments of the members of the Executive Board.

The principles applicable to co-investments relating to acquisitions made by Wendel between April 2013 and April 2017 (as well as to subsequent reinvestments made in these companies) remain unchanged.

In application of these principles, the relevant Wendel managers, including Mr. David Darmon, have made personal investments alongside the Group in Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo.

In December 2019, the co-investment in Allied Universal was partially unwound as a result of the sale by Wendel of 79% of its stake in this company for US$ 719 million (this amount does not include the residual portion of the sale proceeds received in January 2020). In accordance with the rules of the 2013-2017 program, this sale constituted a liquidity event and gave rise to partial liquidity in proportion to the divested interest.

As such, Mr. David Darmon will receive:

- with respect to the mutualized portion, (i) for the *pari passu* portion, the repayment of his contributions and his share of the capital gain in proportion to his interest in the capital, and (ii) for the carried interest portion, the result of this sale will be taken into account to calculate, at the end of the program and over the entire period, the total return and, if applicable, the capital gain attributable to Mr. David Darmon;
- regarding the deal-by-deal portion, the partial disposal having made it possible to achieve the minimum expected return, an amount of approximately 1.4 million Euros (subject to adjustments).

In December 2019, the Wendel group and the co-investors made a marginal reinvestment in Tsebo. In this context, Mr. David Darmon, member of the Executive Board, reinvested an amount of 1.3 thousand Euros, as mentioned in paragraph I.3.A.a) of the first part of this report.

On March 18, 2020, the Supervisory Board acknowledged it was in Wendel's best interests to maintain the 2013-2017 co-investment program, given that Mr. David Darmon had co-invested on the basis of these terms and was still committed to Constantia Flexibles, Allied Universal and Tsebo.

c) Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel between 2018 and 2021 (and to later re-investments made by Wendel in these companies

In 2018, Wendel adjusted its guidelines for investments by Wendel Group in new acquisitions between January 2018 and April 2021. They replace the rules previously established for the April 2017-December 2020 period for the members of the Executive Board, which were not implemented, as no investments were made.

The general principles applicable to these co-investments are as follows:

- the amount of the co-investment remains set at 0.5% of the amount invested by Wendel. The mutualized portion of the co-investment accounts for 80% of the total co-investment (previously 50%) and the deal-by-deal portion accounts for 20% (previously 50%);
- the minimum rate of return is 8% a year for the deal-by-deal portion and 7% a year for the mutualized portion.

If a liquidity event occurs, the co-investors will be entitled to 10% (previously 7%) of the capital gain if the minimum rate of return is achieved. Failing this, they will be treated on a pari passu basis with Wendel.

The definition of a liquidity event (full or partial) remains unchanged: complete divestment of the company, change in control or sale of over 50% of the shares of the company held in the portfolio, or a stock market flotation of the company concerned. In the event of a stock market flotation, the liquidity event will typically be partial, and will be calculated pro rata based on the investment sold by Wendel. The rate of liquidity events will therefore be in line with the rate of disposals by Wendel. Exceptionally, for the deal-by-deal portion of the co-investment, co-investors may opt for full liquidity.

In the absence of a full liquidity event, liquidity for the remaining investment will be granted to co-investors in three, one-third tranches, in 2026, 2028 and 2030. The valuation is then calculated as follows:

- if the issuer is listed, on the basis of the market price of its securities;
- if the issuer is not listed, on the basis of an independent expert appraisal.

Rights are vested gradually over a five-year period (previously four), in 20% tranches on the anniversary date of the investment. In certain circumstances involving the departure of an Executive Board member, the vesting period is extended to six years, and does not begin until the second anniversary of the investment. As in the past, departures of members of the Executive Board are subject to reciprocal put and call agreements with a Wendel Group entity.

The principles applicable to the co-investments relating to acquisitions made by Wendel between January 2018 and April 2021 remain unchanged, with the exception of those presented below.

The Executive Board's share of co-investment, initially set at 12.4% of the total co-investment (i.e. 4% for the Chairman of the Executive Board and 8.4% for the other member of the Executive Board), was revised downwards in 2019 when Mr. Bernard Gautier was replaced as a member of the Executive Board by Mr. David Darmon. It is now 10.7% (i.e. 4%, unchanged, for the Chairman of the Executive Board and 6.7% for the other member of the Executive Board). The breakdown of the Executive Board's co-investment remains fixed at 90% mutualized and 10% deal-by-deal.

In application of these principles, as mentioned in paragraph I.1.B. of the first part of this report, the relevant Wendel managers, including André François-Poncet and David Darmon:

- invested personally alongside the Group in the Crisis Prevention Institute (CPI) in December 2019; and
- concluded promises to purchase and sell with Trief Corporation.

On March 18, 2020, the Supervisory Board acknowledged it was in Wendel's best interests to maintain the 2018-2021 co-investment program, given that Mr. André François-Poncet and Mr. David Darmon had co-invested on the basis of these terms and are still committed to CPI.

C. With Mr. Bernard Gautier, member of your company's Executive Board until September 9, 2019

a) 2019 annual variable compensation

Bernard Gautier held an employment contract since he joined Wendel in 2003. In 2005 he was appointed to the Executive Board and his employment contract was maintained. His fixed and variable compensation were paid to him in respect of his employment contract.

His term of office as a member of the Executive Board ended on September 9, 2019 and his employment contract expired on March 10, 2020, at the end of a six-month notice period that began on September 11, 2019.

Mr. Bernard Gautier's variable compensation for 2019 was authorized by the Supervisory Board on March 18, 2020, on the proposal of the Chairman of the Executive Board and on the advice of the Governance and Sustainable Development Committee. In view of the objectives achieved, it was decided to pay Mr. Bernard Gautier 83.4% of his maximum variable compensation, i.e. 805,644 Euros.

b) Termination benefits

The Wendel Supervisory Board, meeting on September 27, 2019, noted the fulfillment of the performance conditions for the payment of Mr. Bernard Gautier's severance pay in the amounts mentioned below.

These performance conditions were previously defined by the Supervisory Board on May 6, 2009 and published on May 12, 2009. They were reiterated by the Board when the term of office on the Executive Board of Mr. Bernard Gautier was renewed on March 27, 2013 and March 22, 2017 and approved by the Shareholders' Meetings of May 28, 2013 and May 18, 2017.

In the event of termination of his employment contract, Bernard Gautier was entitled to benefits equal to the annual average of his gross fixed and target variable compensation allocated with respect to the last three financial years for which the financial statements had been closed. When this indemnity exceeded the indemnity provided for in the collective agreement, the excess could only be paid if, during two of the last three fiscal years prior to his departure, Bernard Gautier had received variable compensation of at least 50% of his variable compensation with objectives achieved for the three fiscal years in question.

The Supervisory Board noted the fulfilment of this condition: in 2016, 85.23% of the objectives were achieved, in 2017 92.13% and in 2018 82.1%. The amount of the indemnity paid in this respect was 1,737,333 Euros, including the contractual severance pay.

In the event of termination of his term of office on the Executive Board, Mr. Bernard Gautier was entitled to an indemnity equal to one year's total fixed and variable compensation based on objectives achieved, corresponding to the average annual compensation awarded for the last three financial years for which the accounts had been approved, provided that:

- during two of the last three financial years prior to his departure, Mr. Bernard Gautier received variable compensation of at least 50% of his variable compensation based on objectives achieved for the three financial years in question (condition already noted above);
- the NAV per share at the end of the term of office (NAV at June 30, 2019), be more than 90% of the reference NAV (average NAV at March 31, 2019 and December 31, 2018).

The Supervisory Board noted the fulfilment of these conditions. The NAV at June 30, 2019 amounted to 165.40 Euros per share and the reference NAV amounted to 157.05 Euros per share. The NAV at June 30, 2019 is therefore greater than 90% of the reference NAV. The amount of the indemnity paid in this respect was 1,737,333 Euros.

French original signed by:

Paris-La Défense, April 15, 2020

The Statutory Auditors

DELOITTE & ASSOCIÉS	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

9.1.2 Statutory Auditors' report on the issue of shares or various securities with or without cancellation of preferential subscription rights

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

(Combined shareholders' meeting of 2 July 2020 - 17th, 18th, 19th, 20th, 21th, 22nd, 23rd et 25th resolutions)

To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with articles L. 228-92 and L. 225-135 and seq. of the French Commercial Code (*Code de commerce*), we hereby report on the proposal to authorize the Executive Board to proceed with various issues of shares or securities, operations upon which you are called to vote.

Your Executive Board proposes that, on the basis of its report:

- it be authorized, with the option of sub-delegation, for a period of twenty-six months, subject to the prior authorization of the Supervisory Board Pursuant to article 15-V of the bylaws, to decide on whether to proceed with the following operations and determine the final conditions of these issues, and, if necessary, proposes to cancel your preferential subscription rights:
  - the issue, without cancellation of your preferential subscription rights (17th resolution), of shares or securities of any kind that give access to a portion of the share capital to be issued of the company or one of the companies covered by article L. 228-93 of the French Commercial Code (*Code de commerce)* within the limit of 40% of the share capital at the time of the issue;
  - the issue, with cancellation of your preferential subscription rights, by way of public offering, excluding the offers referred to in 1 ° of Article L. 411-2 of the Monetary and Financial Code (18th resolution), of shares or securities of any kind that give access to a portion of the share capital to be issued of the company or one of the companies covered by article L. 228-93 of the French Commercial Code (Code de commerce) within the limit of 10% of the share capital at the time of the issue;
  - the issue, with cancellation of your preferential subscription rights, by way of an offering as set out in article L. 411-2 of the French Financial and Monetary Code (*Code monétaire et financier)* (19th resolution) of shares or securities of any kind that give access to a portion of the share capital to be issued of the company or one of the companies covered by article L. 228-93 of the French Commercial Code (*Code de commerce)* or that give access to the allotment of debt securities, within the limit of 10% of the share capital at the time of the issue, over a 12 months period;
  - issue of shares or securities giving access to the capital of the Company in remuneration of the securities contributed to a public exchange offer initiated by the Company, in France or abroad, according to local rules, on securities of another company whose shares are admitted to trading on a regulated market under the conditions set by article L. 225-148 of the French Commercial Code (23rd resolution), within the limit of 10% of the share capital;
- it be authorized, subject to the prior authorization of the Supervisory Board in application of article 15-V of the articles of association, by the 20th resolution and within the framework of the implementation of the delegations referred to in the 18th and 19th resolutions, to set the issue price within the annual legal limit of 10% of the share capital
- it be authorized, with the option of sub-delegation, for a period of twenty-six months, to decide on whether to proceed with the issue of shares or securities giving access to the company's share capital with a view to remunerating contributions in kind (22nd resolution), granted to the company and composed of shares or securities giving access to the share capital, within the limit of 10% of the share capital.

The total nominal amount of the increases in capital that may be performed immediately or in the future may not, under the 25th resolution, exceed the ceiling of 100% of the share capital in respect of the 17th, 18th, 19th, 20th, 22nd, 23rd and 24th resolutions.

The total nominal amount of the increases in capital with cancellation of the preferential subscription rights may not, under the 25th resolution, exceed the sub-ceiling of 10% of the share capital in respect of the 18th, 19th, 20th, 22nd and 23rd resolutions.

The ceiling and sub-ceiling take into account the additional number of shares to be created within the scope of the implementation of the authorizations referred to in the 17th, 18th, 19th and 20th resolutions, under the conditions provided for in article L. 225-135-1 of the French Commercial Code (*Code de commerce*), should you adopt the 21st resolution.

It is the responsibility of the Executive Board to prepare a report in accordance with articles R. 225-113 *et seq*. of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the issue provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the content of the Executive

Board's report relating to these operations and the methods used to determine the issue price of the capital securities to be issued.

Subject to a subsequent examination of the conditions for the issue that would be decided, we have no matters to report as to the methods used to determine the issue price of the capital securities to be issued provided in the Executive Board's report with regard to the 18th, 19th and 20th resolutions.

Furthermore, as said report does not specify the methods used to determine the issue price of the capital securities to be issued within the context of the implementation of the 17th, 22nd and 23rd resolutions, we cannot report on the choice of constituent elements used to determine this issue price.

As the final conditions for the issues have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights put before you in the 18th and 19th resolutions.

In accordance with article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report, if necessary, upon the use by your Executive Board of these authorizations in the event of the issue of securities, giving access to other capital securities, in the event of the issue of securities giving access to capital securities to be issued and in the event of issues of shares with cancellation of the preferential subscription rights.

French originals signed by:

Paris-La Défense, April 15, 2020

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

9.1.3 Statutory Auditors' report on the issue of shares or securities giving access to the capital with cancellation of preferential subscription rights reserved for members of one or more company savings schemes

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

(Combined shareholders' meeting of 2 July 2020 - 26th resolution)

To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with articles L. 228-92 and L. 225-135 *et seq*. of the French Commercial Code (*Code de commerce*), we hereby report on the proposed delegation of authority to the Executive Board, subject to the prior authorization of the Supervisory Board Pursuant to article 15-V of the bylaws, to decide whether to proceed with an issue of shares or securities giving access to the capital, with cancellation of preferential subscription rights, reserved for or members of one or more company savings schemes set up within the Group, an operation upon which you are called to vote.

The maximum nominal amount of the capital increases that may be carried out, immediately or in the future, under this delegation, may not exceed €150,000.

This issue is submitted for your approval in accordance with article L. 225-129-6 of the French Commercial Code (*Code de commerce*) and article L. 3332-18 *et seq*. of the French Labour Code (*Code du travail*).

On the basis of its report, your Executive Board proposes that it be authorized, for a period of fourteen months from the date of this meeting, to decide to proceed with the issue, and proposes to cancel your preferential subscription rights to the shares or securities giving access to the capital to be issued. If necessary, it will establish the final terms and conditions of issue under this operation.

It is the responsibility of the Executive Board to prepare a report in accordance with articles R. 225-113 and seq. of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue contained in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Executive Board's report relating to this operation and the methods used to determine the share issue price.

Subject to a subsequent examination of the conditions for the proposed issue, we have no matters to report as to the methods used to determine the issue price for the shares to be issued provided in the Executive Board's report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code (*Code de commerce*), we will issue a supplementary report when your Executive Board has exercised this authorization in the event of the issue of shares and securities which are equity securities giving access to other equity securities and in the case of the issuance of securities giving access to equity securities to be issued.

French originals signed by:

Paris-La Défense, April 15, 2020

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

9.1.4 Statutory Auditors' report on the authorization for allocation of stock options or share purchase plans

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

(Combined shareholders' meeting of 2 July 2020 - 27th resolution)

To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with articles L. 225-177 and R. 225-144 of the French Commercial Code (*Code de commerce*), we hereby report on the authorization for allocation of stock options or share purchase plans, subject to the prior authorization of the Supervisory Board Pursuant to article 15-V of the bylaws, reserved for those who will be designated from among the corporate officers and employees of the company and the companies related to it within the meaning of article L. 225-185 of said Code, an operation upon which you are called to vote.

The total number of shares to be purchased or subscribed for through the exercise of the options allocated will give rise to a total number of shares representing no more than 1% of the company's share capital at the allocation date, it being specified that this ceiling will be decreased by the number of shares allocated in respect of the 28th resolution of this shareholders' meeting.

The total number of options allocated to members of the Executive Board may not exceed 0.124% of the company's share capital at the allocation date.

On the basis of its report, your Executive Board proposes that it be authorized, for a period of fourteen months, from the date of this Meeting to allocate stock options or share purchase plans.

It is the responsibility of the Executive Board to prepare a report on the reasons for awarding the stock options or share purchase plans and on the proposed methods for the determination of the subscription or purchase price. Our role is to express an opinion on the proposed methods for the determination of the share subscription or purchase price.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the methods proposed to determine the share subscription or purchase price are included in the Executive Board's report, and are in accordance with French laws and regulations.

We have no matters to report as to the proposed methods for the determination of the subscription and/or purchase price.

French originals signed by:

Paris-La Défense, April 15, 2020

The Statutory Auditor

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

9.1.5 Statutory Auditors' report on the free allocation of existing shares or shares to be issued

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

(Combined shareholders' meeting of 2 July 2020 - 28th resolution)

To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed free allocation of existing shares or shares to be issued, subject to the prior authorization of the Supervisory Board Pursuant to article 15-V of the bylaws, reserved for employees or corporate officers of the company and of the companies related to it, as defined in section II of article L. 225-197-1 of the French Commercial Code, or to the employees and corporate officers of the companies or groups that are related to it within the meaning of article L. 225-197-2 of the French Commercial Code, an operation upon which you are called to vote.

The total number of shares that may be allocated in respect of this authorization may not represent more than 0.5% of the company's share capital on the allocation date, it being specified that the number of shares allocated will be deducted from the maximum number of shares that may be issued pursuant to the twenty-seventh resolution of this shareholders' meeting, fixed at 1% of the capital.

The total number of shares that may be allocated to members of the Executive Board may not exceed 0.105% of the share capital as at the date of the decision to allocate them.

On the basis of its report, your Executive Board proposes that it be authorized, for a period of fourteen months from the date of this meeting, to allocate, free of charge, existing shares or shares to be issued.

It is the responsibility of the Executive Board to prepare a report on the proposed operation. Our role is to report on any matters relating to the information thus provided to you regarding the proposed operation.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Executive Board's report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Executive Board's report relating to the proposed free allocation of shares.

French originals signed by:

Paris-La Défense, April 15, 2020

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

9.1.6 Statutory Auditors' report on the reduction in capital

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

(Combined shareholders' meeting of 2 July 2020 - 16th resolution)

To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with article L.225-209 of the French Commercial Code (*Code de commerce*) in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions for the proposed reduction in capital.

Your Executive Board requests that it be authorized, subject to the prior authorization of the Supervisory Board Pursuant to article 15-V of the bylaws, for a period of twenty-six months starting on the date of this shareholders' meeting, to proceed with the cancellation of shares that the company was authorized to repurchase, representing an amount not exceeding 10% of its total share capital, by periods of twenty-four months, in compliance with the article mentioned above.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report as to the terms and conditions of the proposed reduction in capital.

French originals signed by:

Paris La Défense, April 15, 2020

The Statutory Auditors

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

9.2 Additional reports

9.2.1 Supplementary report from the Executive Board on the capital increase reserved for members of the 2019 Wendel Group Savings Plan

Using the power delegated to it by the shareholders at their Shareholders' Meeting on May 16, 2019, in its eighteenth resolution and after obtaining the approval of the Supervisory Board on May 15, 2019, the Executive Board decided on June 13, 2019, to carry out a capital increase reserved for members of the Wendel Group Savings Plan, for whom the shareholders' preferential subscription rights were canceled.

The purpose of this report, prepared in accordance with Article R. 225-116 of the French Commercial Code, is to describe the final terms and conditions of the capital increase carried out with the approval of the Shareholders' Meeting.

Final terms and conditions of the capital increase

Size of the reserved capital increase

On June 13, 2019, the Executive Board decided to set the maximum nominal amount of the reserved capital increase at €150,000, or 37,500 shares with a par value of €4.00 per share.

The Executive Board meeting of June 25, 2019 noted that 26,055 shares had been subscribed on the subscription closing date and that the share capital had been increased by €104,220.

The Company's share capital currently stands at €180,632,988 divided into 45,158,247 shares, all of the same class, with a par value of €4.00 per share.

Subscription price

On June 13, 2019, the Executive Board set the discount at 30% of the reference price, noting that:

- the reference price, calculated on the basis of the average closing share price for the 20 trading days prior to June 13, 2019, was €116.31;
- the subscription price, set at 70% of the reference price, was €81.42.

Each new share having a par value of €4.00 was therefore issued with a share premium of €77.42.

Beneficiaries of the offer

The beneficiaries of the offer are the members of the Wendel Group Savings Plan, employees and corporate officers with at least three months of service with the Company as of the closing date of the subscription period.

Cancellation of preferential subscription rights

At the Shareholders' Meeting of May 16, 2019, the shareholders' preferential subscription rights were canceled in favor of the beneficiaries of the offer.

Rights attached to shares

The new shares were issued and have ownership rights with immediate effect and are treated in the same way as existing shares.

Maximum subscription rights

Each beneficiary has the right to subscribe to new shares in accordance with the terms and conditions of the Wendel Group Savings Plan and any amendments thereto.

Matching contribution

For 2019, the matching contribution is 200% of the subscriber's voluntary contribution, up to a limit of 107 Wendel shares. The amount of 107 shares represents the largest whole number of shares that may be subscribed without the employers' contribution exceeding the legal limit of €5,835.46 per savings plan member.

Adjustments to the reserved capital increase

If the total number of shares requested had exceeded the maximum number of shares offered in connection with the reserved capital increase, share requests would have been reduced. Reductions would have been as follows:

- no reduction would have been applied to share requests that are eligible for the matching contribution;
- share requests made in connection with the reinvestment of dividends from Company shares held in the Wendel Group Savings Plan would have been fulfilled before other requests;

- all other share requests would have been fulfilled in proportion to the remaining quantity of shares requested by each subscriber.

Since the total number of shares requested was less than the maximum number of shares offered in connection with the reserved capital increase, the share capital was increased only by the number of subscribed shares.

Subscription period

The subscription period ran from June 14, 2019, to June 24, 2019, inclusive.

The subscription period could have closed at any time before June 24, 2019, if all beneficiaries had either returned their subscription form or notified the Company that they had chosen to waive their right to subscribe to the shares offered.

Listing of new shares

Admission to trading of the Company's new shares on the Eurolist market of Euronext was requested as soon as possible after the capital increase.

Impact of the capital increase

The Company issued 26,055 new shares.

In accordance with Article R. 225-115 of the French Commercial Code, the Executive Board hereafter reports on the impact of this issue on the situation of holders of equity shares in the Company and holders of securities giving access to the Company's share capital. The impact of the issue was assessed on the basis of the latest parent company financial statements, dated December 31, 2018.

- **Impact on share of equity as of December 31, 2018**

After taking into account the 26,055 shares subscribed as part of the capital increase described in this report, the share of equity per share decreases by €0.02 based on the 26,055 shares issued making up the Company's capital.

- **Theoretical impact on the share's current stock market value based on the average share price for the 20 trading days prior to June 13, 2019**

After taking into account the 26,055 shares subscribed in connection with the capital increase described in this report, the share's market price declined by €0.02 per share on the basis of a total of 26,055 issued shares comprising the Company's share capital.

Paris, June 25, 2019,

The Executive Board

9.2.2 Statutory Auditors' supplementary report on the increase in capital with cancellation of preferential subscription rights, reserved for members of a company savings scheme set up within the Group

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

Executive Board Meeting held on 13 June 2019

To the Shareholders,

In our capacity as statutory auditors of your company and in compliance with article R. 225-116 of the French Commercial Code (*Code de commerce*), and further to our report dated 15 April 2019, we hereby report on the increase in capital with cancellation of preferential subscription rights, reserved for members of a company savings scheme set up within the Group, authorized by your combined shareholders' meeting of 16 May 2019 in its eighteenth resolution.

This increase in capital had been submitted for your approval in accordance with article L. 225-129-6 of the French Commercial Code (*Code de commerce*) and articles L. 3332-18 et seq. of the French Labour Code (*Code du travail*).

The combined shareholders' meeting had authorized your Executive Board to decide whether to proceed with such an operation within a period of fourteen months and for a maximum nominal amount of €150,000. Exercising this authorization, your Executive Board decided at its meeting on 13 June 2019 to proceed with an increase in capital for a nominal amount of €150,000, by issuing 37,500 ordinary shares with a par value of €4 each and a unit share premium of €77.42, reserved for employees and corporate officers, with a length of service of at least three months as at the date of the close of the subscription period, who are members of the Group Savings Scheme.

It is the responsibility of the Executive Board to prepare a supplementary report in accordance with articles R. 225-115 and R. 225-116 of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue contained in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying:

- the fairness of the financial information taken from the annual accounts approved by the Executive Board. We performed an audit of these accounts in accordance with professional standards applicable in France;
- the compliance with the terms of the operation as authorized by the general meeting of shareholders;
- the information provided in the Executive Board's supplementary report on the choice of constituent elements used to determine the issue price and on its final amount.

We have no matters to report as to:

- the fairness of the financial information taken from the accounts and included in the Executive Board's supplementary report;
- the compliance with the terms of the operation as authorized by your combined shareholders' meeting of 16 May 2019;
- the choice of constituent elements used to determine the issue price, and its final amount;
- the presentation of the effect of the issue on the financial position of the holders of equity securities as expressed in relation to shareholders' equity, and on the market value of the shares;
- the cancellation of the preferential subscription rights, upon which you have already voted.

Paris-La Défense, June 28, 2019

The Statutory Auditors

DELOITTE & ASSOCIES	Ernst & Young Audit
Mansour Belhiba	Jacques Pierres

9.3 Observations from the Supervisory Board for the Shareholders' Meeting

To the Shareholders,

In 2019, the Supervisory Board continued to perform its control and oversight of the Executive Board with the support of its two Committees, the Audit Committee and the Governance Committee. To reflect the Supervisory Board's growing commitment to ESG, the Supervisory Board decided early 2020 to change the name of the Governance Committee to "Governance and Sustainability Committee" and to change the name of the Audit Committee to "Audit, Risks and Compliance Committee".

Your Supervisory Board met 12 times, the Audit, Risks and Compliance Committee 6 times and the Governance and Sustainability Committee 11 times.

In 2019, your Company strengthened its position in Stahl and reinvested in Cromology. At the end of the year, it also acquired Crisis Prevention Institute, the leading provider in the U.S. of behavior management and crisis prevention training programs.

Your Company sold a significant portion of its stake in Allied Universal, sold almost all of its Saint-Gobain shares and completed the sale of PlaYce.

Your Company acquired and canceled 1,164,338 Wendel shares as part of a €200 million share buyback program implemented from April 17 to December 17, 2019.

In June 2019, your Company launched a €300 million bond issue with a fixed rate of 1.375%, which was met with great success. The proceeds were used to redeem maturing bonds and lower the cost of debt. The weighted average maturity of Wendel's debt is now 5.5 years and your Company has no maturity before 2023. With a cash position of more than €1 billion, it is therefore in a solid position to face the health crisis of the beginning of this year.

NAV at December 31, 2019, at €166.3 per share, was up 12.8% for the year, a performance that is largely due to the good results of Bureau Veritas.

On March 18, 2020, the Supervisory Board examined Wendel's parent company and consolidated financial statements as prepared by the Executive Board. The Executive Board has no observations to bring to your attention and recommends approval of the financial statements.

The Supervisory Board has approved the Executive Board's proposal to set the 2019 dividend at €2.90 per share, an increase of 3.60%[(1)].

With regard to corporate governance, the Supervisory Board would like to express its sincere thanks to Mr. François de Wendel, whose term of office expires at the end of the Shareholders' Meeting, for his remarkable contribution to the work of the Supervisory Board over the past fifteen years, as Director and Chairman from March 2013 to May 2018.

The Supervisory Board proposes that you appoint as member of the Supervisory Board Mr. Thomas de Villeneuve, who will bring a wealth of expertise to the Board. Subject to your vote, the Board welcomes the presence of Mr. Thomas de Villeneuve for a four-year term.

Finally, the Board recommends shareholders' approval of all resolutions submitted by the Executive Board at the Shareholders' Meeting.

(1) Press release dated April 14, 2020: "After a very good 2019 financial performance and in light of its solid balance sheet, Wendel had announced a €2.90 per share dividend on March 17. Wendel wants to have a better understanding of the macroeconomic and health situation prior to confirming this decision."

9.4 Report of the Executive Board on the resolutions submitted to the Shareholders' Meeting of July 2, 2020

Ordinary General Meeting

2019 financial statements and allocation of income

The purpose of the **first** and **second resolutions** is to approve Wendel's financial statements as of December 31, 2019.

The parent company financial statements show net income of €1,866 million. Equity (excluding net income for the year) totaled €5,273 million and is a guarantee of Wendel's financial soundness.

The consolidated financial statements show net income, Group share, of €399.7 million.

The **third resolution** proposes to allocate net income for the year ended December 31, 2019 and distribute a dividend of €2.90 per share, an increase of 3.60% from the ordinary dividend paid in respect of 2018[1].

	2016	2017	2018
Dividend	€2.35	€2.65	€2.80

The ex-dividend date is July 7, 2020 and the dividend will be paid on July 9, 2020.

For individuals whose tax residence is France, the gross dividend is subject either to a flat-rate tax on the gross dividend at the rate of 12.8% (Article 200 A of the French Tax Code) or to a progressive tax rate applied after an allowance of 40% (under Article 200 A, 2. and 158-3 2° of the French Tax Code). The dividend is also subject to withholding of 17.2% for social contributions.

Regulated related-party agreements

The purpose of the **fourth resolution** is to approve the agreements entered into with certain corporate officers of the Company, as described in the Statutory Auditors' special report. These agreements are (i) those entered into with Mr. David Darmon in the context of his appointment as a member of the Executive Board (amendment to his French and US employment contracts and co-investment commitments) as well as his additional co-investments in IHS and Tsebo and (ii) those entered into with Mr. André François-Poncet, Mr. David Darmon and Ms. Sophie Parise in respect of their co-investment in Crisis Prevention Institute and of the reciprocal purchase and sale commitments entered into with Trief Corporation in connection with the 2018-2021 co-investment program, which whose purpose is to settle the co-investments in case of departure from the Wendel Group before the occurrence of liquidity events and (iii) the letters of guarantee granted by Wendel for the benefit of Mr. André François-Poncet and Mr. David Darmon.

The purpose of the **fifth resolution** is to approve a regulated related-party agreement entered into with Wendel-Participations SE and described in the special report of the Statutory Auditors, which concerns the use of the Wendel trademark for the Luxembourg entity which will manage and hold Wendel Group's unlisted investments.

Supervisory Board: appointment of a new member of the Supervisory Board

The purpose of the **sixth resolution** is to appoint Mr. Thomas de Villeneuve as a member of the Supervisory Board for a term of four (4) years.

Mr. Thomas de Villeneuve will provide the Supervisory Board with his professional experience in the sector of investment and private equity – more specifically in the fields of telecoms/media/technologies – gained through his position since 2001 in the private equity firm Apax Partners, of which he is Managing Director. He will also share with the Board his knowledge of the European and American markets, acquired in particular through his activities with the strategy consulting firm The Boston Consulting Group. His knowledge of the field of engineering and innovation, gained in his capacity as member of the Board of Directors of the listed company Altran Technologies for around 10 years will be of use for the Supervisory Board.

(1) *Press release dated April 14, 2020: "After a very good 2019 financial performance and in light of its solid balance sheet, Wendel had announced a €2.90 per share dividend on March 17. Wendel wants to have a better understanding of the macroeconomic and health situation prior to confirming this decision."*

Mr. Thomas de Villeneuve's background is set out in the Company's 2019 Universal Registration Document, section 2.1.1.1 "Composition of the Supervisory Board".

Vote on compensation of corporate officers

The purpose of the **seventh, eighth** and **ninth resolutions** is to approve the compensation policy for the 2020 fiscal year for the Chairman of the Executive Board, the member of the Executive Board and the members of the Supervisory Board. This policy is presented in the Supervisory Board's report on Corporate governance, in sections 2.2.1, 2.2.1.1 and 2.2.1.2 of the Company's Universal Registration Document for 2019. Your vote is required pursuant to Article L. 225-82-2 of the French Commercial Code.

The purpose of the **tenth resolution** is to approve the information relating to the compensation of the Company's corporate officers (members of the Executive Board and members of the Supervisory Board) for the 2019 fiscal year, as presented in the Supervisory Board's report on Corporate governance, in accordance with Article L 225-37-3 I of the French Commercial Code. Your vote is required pursuant to Article L. 225-100 II of the French Commercial Code. This new vote was introduced by Law n°2019-486 of May 22, 2019 (known as the *PACTE* law) and Order n°2019-1234 of November 27, 2019.

In addition to the information concerning the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2019, the information provided in accordance with the new regulations contains, in particular, the ratios between the level of compensation of executive officers and the average and median compensation of the Company's employees, as well as items illustrating the evolution of these compensations and of the performance of Wendel over the last five fiscal years.

This information is described in the Supervisory Board's report on Corporate governance, in section 2.2.2 "General information on the compensation of corporate officers related to the 2019 fiscal year" of the Company's Universal Registration Document for 2019.

The purpose of the **eleventh**, **twelfth**, **thirteenth** and **fourteenth resolutions** is to approve the compensation items paid during 2019 or awarded in respect of the 2019 fiscal year to:

- Mr. André François-Poncet, Chairman of the Executive Board;
- Mr. Bernard Gautier, member of the Executive Board until September 9, 2019;
- Mr. David Darmon, member of the Executive Board starting September 9, 2019;
- Mr. Nicolas ver Hulst, Chairman of the Supervisory Board.

These compensation items are presented in the Supervisory Board's Corporate governance report in section 2.2.3 "Breakdown of compensation paid in 2019 or awarded for 2019 to Executive Board members and to the Chairman of the Supervisory Board, submitted to a shareholders' vote" of the Company's Universal Registration Document for 2019.

The variable compensation items of Mr. André François-Poncet, Mr. David Darmon and Mr. Nicolas ver Hulst will be paid to them after your approval.

Your vote is required pursuant to Article L. 225-100 III of the French Commercial Code.

Share buyback program

The **fifteenth resolution** proposes to renew the authorization granted to the Company to buy back its own shares as provided for by law. The maximum purchase price has been set at €250, with the authorization valid for 14 months.

The share buyback program can only be used for the purposes defined by law and set out in this resolution. In practice, the Company may make use of this program to buy back and then cancel shares, to carry out acquisitions, to maintain a liquid market in the Company's shares or to serve stock option or bonus share plans. In 2019, Wendel purchased 1,751,899 treasury shares (including 106,561 under the liquidity contract).

Under no circumstances may the Company acquire more than 10% of its share capital, *i.e.* 4,468,230 shares based on the capital at December 31, 2019. This authorization is without force during a takeover bid.

Extraordinary General Meeting

Capital reduction

The purpose of the **sixteenth resolution** is to renew, for a period of twenty-six months, the authorization granted by the Shareholders Meeting of May 16, 2019 to the Executive Board, with the prior authorization of the Supervisory Board, to cancel, for a period of twenty-four months, up to 10% of the shares purchased by the Company under a buyback program.

It is specified that the Executive Board made use of this type of authorization during the 2019 fiscal year to cancel 1,645,338 shares, *i.e.* 3.55% of the share capital prior to the launch of the share buyback program.

Renewal of financial authorizations

Resolutions seventeen to twenty-five are intended to renew, for a period of twenty-six months, previously granted financial authorizations which are due to expire.

The purpose of these delegations is to issue shares or securities giving immediate or future access to the Company's share capital, while maintaining or canceling shareholders' preferential subscription rights, depending on the opportunities offered by the financial markets and the interests of the Company and its shareholders. They ensure the Company's flexibility and responsiveness by enabling the Executive Board, with the prior authorization of the Supervisory Board, to carry out the market transactions necessary for the implementation of the Group's strategy.

These delegations may not be used during a takeover bid.

The amount authorized to increase the share capital with cancellation of preferential subscription rights is in accordance with best market practices and the recommendations of voting advisory agencies and investors (see the overall ceiling and sub-ceiling provided for in the twenty-fifth resolution).

During the 2019 fiscal year, the Executive Board did not make use of any of these delegations.

The purpose of the **seventeenth resolution** is to grant a delegation of authority to the Executive Board to increase share capital with preferential subscription rights, up to a maximum of 40% of the share capital at the time of the issue. Any issue based on this resolution shall be deducted from the overall ceiling.

The purpose of the **eighteenth resolution** is to grant a delegation of authority to the Executive Board to increase share capital by means of a public offering, with cancellation of preferential subscription rights and the possibility of granting a priority period for shareholders, up to a maximum of 10% of the share capital at the time of the issue. The issue price will be at least equal to the minimum provided for by the applicable regulatory provisions (to date, the weighted average share price of the last three trading days preceding the start of the offer, possibly reduced by a maximum discount of 10%). Any issue based on this resolution shall be deducted from the overall ceiling and from the sub-ceiling dedicated to capital increases with cancellation of preferential subscription rights.

The **nineteenth resolution** is to grant a delegation of authority to the Executive Board to issue securities, through an offer referred to in Article L. 411-2 1° of the French Monetary and Financial Code and with cancellation of preferential subscription rights, for a private placement of up to 10% of share capital per year. The issue price will be at least equal to the minimum provided for by the applicable regulatory provisions (to date, the weighted average share price of the last three trading days preceding the start of the offer, possibly reduced by a maximum discount of 10%). Any issue based on this resolution shall be deducted from the overall ceiling and from the sub-ceiling dedicated to capital increases with cancellation of preferential subscription rights.

The **twentieth resolution** grants the Executive Board flexibility in determining the issue price in the event of a public offering (eighteenth resolution) or private placement (nineteenth resolution). It therefore authorizes the Executive Board, within the limit of 10% of the share capital at the time of the issue, to set a price at least equal to the average closing price of the Wendel share over a period of twenty days prior to the issue, possibly reduced by a maximum discount of 10%. Any issue based on this resolution shall be deducted from the overall ceiling and from the sub-ceiling dedicated to capital increases with cancellation of preferential subscription rights.

The purpose of the **twenty-first resolution** is to grant a delegation of authority to the Executive Board to increase, within the limit of 15% of the initial issue, the amount of the issues covered by the seventeenth to twentieth resolutions, with or without preferential subscription rights, in the event that such issues are oversubscribed and within the limit of the overall ceiling. Any issue based on this resolution shall be deducted from the overall ceiling and from the sub-ceiling dedicated to capital increases with cancellation of preferential subscription rights.

The purpose of the **twenty-second resolution** is to grant a delegation of authority to the Executive Board to increase the share capital in order to remunerate in kind, contributions of securities, up to a maximum of 10% of the share capital; the purpose of the **twenty-third resolution** is to authorize the remuneration of contributions of securities in the context of a public exchange offer (OPE), up to a limit of 10% of the share capital. These delegations, granted with cancellation of preferential subscription rights, allow the Company to acquire interests in listed or unlisted companies and to finance these acquisitions in shares, rather than in cash. Any issue based on these resolutions shall be deducted from the overall ceiling and from the sub-ceiling dedicated to capital increases with cancellation of preferential subscription rights.

The purpose of the **twenty-fourth resolution** is to grant a delegation of authority to the Executive Board to increase the Company's share capital by capitalizing reserves, profits, premiums or other amounts that may be capitalized in accordance with the law and the by-laws, up to a maximum of 50% of the share capital, for the benefit of the shareholders. This capital increase would be carried out by allocating bonus shares to shareholders and/or by increasing the par value of existing shares. Any issue based on this resolution shall be deducted from the overall ceiling.

The purpose of the **twenty-fifth resolution** is to:

- set at 100% of the share capital the aggregate ceiling of the cumulative nominal amount of the capital increases that may be decided pursuant to the seventeenth to twentieth and the twenty-second to twenty-fourth resolutions of the Shareholders Meeting;
- set at 10% of the share capital the sub-ceiling of the cumulative nominal amount of the capital increases with cancellation of preferential subscription rights that may be decided pursuant to the eighteenth to twentieth, twenty-second and twenty-third resolutions of the Shareholders Meeting,

it being specified that the nominal amount of the securities that may be issued in the event of over-subscription pursuant to the twenty-first resolution will be respectively deducted from the aforementioned overall ceiling and sub-ceiling.

Employee savings and employee share ownership

Wendel manages its employee share ownership policy with the aim of limiting the dilutive effect for shareholders.

Group Savings Plan

The purpose of the **twenty-sixth resolution** is to grant, for a period of fourteen months, a delegation of power to the Executive Board to increase the share capital for a maximum par value of €150,000, in favor of the Group's employees and corporate officers within the framework of the Group Savings Plan and subject to the prior authorization of the Supervisory Board.

In accordance with the legislation in force, the subscription price of new shares shall not be higher than the average closing share price for the twenty (20) trading days prior to the date of the Executive Board's decision setting the opening date of the subscription, nor more than 30% lower than this average or less than any other upper limit that may be set by law.

The Executive Board implemented the delegation of power granted by the Shareholders' Meeting of May 16, 2019. Employee share ownership through the Group Savings Plan represented 0.65% of the share capital as of December 31, 2019.

Grant of stock subscription and/or purchase options and bonus shares

Performance conditions for the Executive Board members are set by the Supervisory Board; performance conditions for the beneficiary employees are set by the Executive Board. These performance conditions are described in the compensation policy for 2020 (in the Supervisory Board's Corporate governance report, in section 2.2.1.1 of the Company's Universal Registration Document for 2019).

The **twenty-seventh resolution** proposes to authorize the Executive Board, for a period of 14 months, to grant stock options and/or purchase options, for a maximum of 1% of the share capital, to employees and corporate officers of the Wendel Group. The price would be set in accordance with legal and regulatory provisions, with no discount.

The **twenty-eighth resolution** proposes to authorize the Executive Board, for a period of 14 months, to grant bonus shares to employees and corporate officers, for a maximum of 0.5% of the share capital. Any such bonus shares would be included in the aggregate cap of 1% set in the twenty-seventh resolution.

In accordance with recommendation 25.3.3 of the Afep-Medef Code, **the twenty-seventh** and **twenty-eighth resolutions** indicate the maximum percentage of stock options and bonus shares that can be granted to Executive Board members. Stock options may be granted up to 0.124% of share capital and bonus shares up to 0.105% of share capital.

In the event of allocation to members of the Executive Board, the exercise of stock options and the vesting of bonus shares are subject to conditions of presence and performance as well as an obligation to hold the shares issued upon the exercise of options or vested shares.

Changes to the by-laws

The purpose of the **twenty-ninth resolution** is to amend Article 12, "Composition of the Supervisory Board", paragraph III, of the Company's by-laws.

Law n°2019-486 of May 22, 2019 (known as the PACTE law) lowered from twelve to eight members the threshold above which the Supervisory Board must have a second member representing employees. The Supervisory Board being composed of more than eight members, two members representing the employees must sit on the Board. The second member representing the employees will be appointed by the Company's Social and Economic Committee within six months of the Shareholders' Meeting.

The proposed amendment will enable the by-laws to be updated in accordance with the applicable legal provisions.

The Executive Board recommends shareholders' approval of all of the resolutions presented above, which are submitted to your Shareholders' Meeting.

March 11, 2020,

The Executive Board

9.5 Draft resolutions

Resolutions pertaining to the Ordinary Meeting

1. Approval of the parent company financial statements for the year ended December 31, 2019;
2. Approval of the consolidated financial statements for the year ended December 31, 2019;
3. Net income allocation, dividend approval and dividend payment;
4. Approval of regulated related-party agreements entered into with certain corporate officers of the Company;
5. Approval of a regulated related-party agreement with Wendel-Participations SE;
6. Appointment of Mr. Thomas de Villeneuve as member of the Supervisory Board;
7. Approval of the compensation policy for the Chairman of the Executive Board;
8. Approval of the compensation policy for the member of the Executive Board;
9. Approval of the compensation policy for the members of the Supervisory Board;
10. Approval of the information relating to the compensation of the members of the Executive Board and the members of the Supervisory Board, in accordance with Article L. 225-37-3 I of the French Commercial Code;
11. Approval of the compensation items paid during or awarded for the year ended December 31, 2019 to Mr. André François-Poncet as Chairman of the Executive Board;
12. Approval of the compensation items paid during or awarded for the year ended December 31, 2019 to Mr. Bernard Gautier as a member of the Executive Board up to September 9, 2019;
13. Approval of the compensation items paid during or awarded for the year ended December 31, 2019 to Mr. David Darmon as a member of the Executive Board, starting from September 9, 2019;
14. Approval of the compensation items paid during or awarded for the year ended December 31, 2019 to Mr. Nicolas ver Hulst as Chairman of the Supervisory Board;
15. Authorization given to the Executive Board to purchase Company shares;

Resolutions pertaining to the Extraordinary Meeting

16. Authorization given to the Executive Board to reduce the share capital by the cancellation of shares;
17. Delegation of authority granted to the Executive Board to increase the share capital, with preferential subscription rights maintained, through the issue of shares or securities giving access to the capital;
18. Delegation of authority granted to the Executive Board to increase the share capital, with cancellation of preferential subscription rights, through the issue of shares or securities giving access to the capital, by way of a public offering;
19. Delegation of authority granted to the Executive Board to increase the share capital, with cancellation of preferential subscription rights, through the issue of shares or securities giving access to the capital, by way of an offer referred to in 1° of Article L. 411-2 of the French Monetary and Financial Code;
20. Authorization granted to the Executive Board to set, in accordance with the terms and conditions determined by the Shareholders' Meeting, the issue price of the shares or securities giving access to capital, with cancellation of preferential subscription rights, up to an annual limit of 10% of the share capital;
21. Delegation of authority granted to the Executive Board to increase the number of shares to be issued in the event of over-subscription, with or without preferential subscription rights;
22. Delegation of authority granted to the Executive Board to increase the share capital, with cancellation of preferential subscription rights, as remuneration for contributions in kind;
23. Delegation of authority granted to the Executive Board to increase the share capital, with cancellation of preferential subscription rights, in the context of a public exchange offer (OPE);
24. Delegation of power granted to the Executive Board to increase the share capital by incorporation of reserves, profits, premiums or other items;
25. Overall ceiling for capital increases;
26. Delegation of authority granted to the Executive Board to increase the share capital through the issue of shares or securities giving access to the share capital reserved for members of the Group Savings Plan, with cancellation of preferential subscription rights in their favor;

27. Authorization given to the Executive Board to grant stock subscription or purchase options to some or all of the Company's executive corporate officers and employees, entailing the waiver by shareholders of their preferential subscription rights to the shares issued on exercise of the options;
28. Authorization given to the Executive Board to grant bonus shares to some or all of the Company's executive corporate officers and employees, entailing the waiver by shareholders of their preferential subscription rights to the shares to be issued;
29. Amendment of Article 12 paragraph III of the by-laws relating to the composition of the Supervisory Board;

Resolution pertaining to the Ordinary Meeting

30. Powers for legal formalities.

A. Resolutions pertaining to the Ordinary General Meeting

First resolution

Approval of the parent company financial statements for the year ended December 31, 2019

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, after having reviewed:

- the Executive Board's management report for the 2019 fiscal year and the Supervisory Board's observations, and
- the Statutory Auditors' report on the financial statements,

approves the parent company financial statements for the fiscal year beginning on January 1, 2019 and ending on December 31, 2019, as presented by the Executive Board, which show net income of €1,865,893,367.87, as well as the transactions presented in these statements or described in these reports.

Second resolution

Approval of the consolidated financial statements for the year ended December 31, 2019

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, after having reviewed:

- the Executive Board's management report for the 2019 fiscal year and the Supervisory Board's observations, and
- the Statutory Auditors' report on the consolidated financial statements,

approves the consolidated financial statements for the fiscal year beginning on January 1, 2019 and ending on December 31, 2019, as presented by the Executive Board, with net income, Group share, of €399.7 million, as well as the transactions presented in these statements or described in these reports.

Third resolution

Net income allocation, dividend approval and dividend payment

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings of shareholders, acting on the recommendation of the Executive Board, as approved by the Supervisory Board,

1. decides:
   - to allocate 2019 net income totaling €1,865,893,367.87,
   - plus retained earnings of €2,668,851,875.48,
   - comprising distributable income of €4,534,745,343.35,

   in the following manner[1]:
   - to shareholders, the amount of €129,578,693.20,

     representing a net dividend of €2.90 per share,
   - to other reserves an amount of €0,
   - to retained earnings, the remaining amount of €4,405,166,650.15;
2. decides that the ex-dividend date shall be July 7, 2020, and that the dividend shall be paid on July 9, 2020;
3. decides that the dividend that cannot be paid to Wendel treasury shares shall be allocated to retained earnings and that the amounts required to pay the dividend described above on shares resulting from the exercise of stock options or purchase options before the ex-dividend date shall be deducted from retained earnings;

(1) *Press release dated April 14, 2020: "After a very good 2019 financial performance and in light of its solid balance sheet, Wendel had announced a €2.90 per share dividend on March 17. Wendel wants to have a better understanding of the macroeconomic and health situation prior to confirming this decision."*

4. notes that, in accordance with Article 243 *bis* of the French General Tax Code, the dividends paid out for the past three fiscal years:

Fiscal year	Dividends distributed	Net dividend per share
2016	€110,667,090.65	€2.35
2017	€120,533,516.90	€2.65
2018	€129,585,794.80	€2.80

For individuals whose tax residence is France, the gross dividend is subject either to a flat-rate tax on the gross dividend at the rate of 12.8% (Article 200 A of the French Tax Code) or to a progressive tax rate applied after an allowance of 40% (under Article 200 A, 2. and 158-3 2° of the French Tax Code). The dividend is also subject to withholding of 17.2% for social contributions.

Fourth resolution

Approval of regulated related-party agreements entered into with certain corporate officers of the Company

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, having heard the Statutory Auditors' special report on agreements governed by Articles L. 225-38 et seq. and L. 225-86 et seq. of the French Commercial Code, approves the agreements entered into with certain corporate officers of the Company during the fiscal year ended December 31, 2019 and at the beginning of the 2020 fiscal year, mentioned in this report and submitted for approval.

Fifth resolution

Approval of a regulated related-party agreement with Wendel-Participations SE

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, having heard the Statutory Auditors' special report on agreements governed by Articles L. 225-38 *et seq.* and L. 225-86 *et seq.* of the French Commercial Code, approves the agreement entered into at the beginning of the 2020 fiscal year with Wendel-Participations SE, mentioned in this report and submitted for approval.

Sixth resolution

Appointment of Mr. Thomas de Villeneuve as member of the Supervisory Board

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, resolves to appoint Mr. Thomas de Villeneuve as a member of the Supervisory Board for a term of four (4) years expiring at the Ordinary General Meeting called in 2024 to approve the financial statements for the year ended December 31, 2023.

Seventh resolution

Approval of the compensation policy for the Chairman of the Executive Board

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on Corporate governance prepared in accordance with Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-82-2 II of the French Commercial Code, the compensation policy applicable to the Chairman of the Executive Board, as presented in this report (sections 2.2.1 and 2.2.1.1 of the 2019 Universal Registration Document, pages 102 to 108).

Eighth resolution

Approval of the compensation policy for the member of the Executive Board

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on Corporate governance prepared in accordance with Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-82-2 II of the French Commercial Code, the compensation policy applicable to the members of the Executive Board, as presented in this report (sections 2.2.1 and 2.2.1.1 of the 2019 Universal Registration Document, pages 102 to 108).

Ninth resolution

Approval of the compensation policy for the members of the Supervisory Board

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on Corporate governance prepared in accordance with Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-82-2 II of the French Commercial Code, the compensation policy applicable to members of the Supervisory Board, as presented in this report (sections 2.2.1 and 2.2.1.2 of the 2019 Universal Registration Document, pages 102, 108 and 109).

Tenth resolution

Approval of the information relating to the compensation of the members of the Executive Board and the members of the Supervisory Board, in accordance with Article L. 225-37-3 I of the French Commercial Code

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on Corporate governance prepared in accordance with Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 225-100 II of the French Commercial Code, the information referred to in Article L. 225-37-3 I of the French Commercial Code as presented in this report (section 2.2.2 of the 2019 Universal Registration Document, pages 109 to 125).

Eleventh resolution

Approval of the compensation items paid during or awarded for the year ended December 31, 2019 to Mr. André François-Poncet as Chairman of the Executive Board

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on Corporate governance, approves pursuant to Article L. 225-100 III of the French Commercial Code, the fixed, variable and exceptional items making up the total compensation and any benefits of all kinds paid during or awarded in respect of the fiscal year ended December 31, 2019 to Mr. André François-Poncet, in his capacity as Chairman of the Executive Board, as presented in this report (section 2.2.3 of the 2019 Universal Registration Document, pages 126 to 128).

Twelfth resolution

Approval of the compensation items paid during or awarded for the year ended December 31, 2019 to Mr. Bernard Gautier as a member of the Executive Board up to September 9, 2019

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on Corporate governance, approves pursuant to Article L. 225-100 III of the French Commercial Code, the fixed, variable and exceptional items making up the total compensation and benefits of all kinds paid during or awarded in respect of the fiscal year ended December 31, 2019 to Mr. Bernard Gautier, in his capacity as Member of the Executive Board up to September 9, 2019, as presented in this report (section 2.2.3 of the 2019 Universal Registration Document, pages 126, 129 and 130).

Thirteenth resolution

Approval of the compensation items paid during or awarded for the year ended December 31, 2019 to Mr. David Darmon as a member of the Executive Board, starting from September 9, 2019

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on Corporate governance, approves the fixed, variable and exceptional items making up the total compensation and benefits of all kinds paid during or awarded in respect of the fiscal year ended December 31, 2019 to Mr. David Darmon, in his capacity as Member of the Executive Board, starting from September 9, 2019, as presented in this report (section 2.2.3 of the 2019 Universal Registration Document, pages 126 and 131).

Fourteenth resolution

Approval of the compensation items paid during or awarded for the year ended December 31, 2019 to Mr. Nicolas ver Hulst as Chairman of the Supervisory Board

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings, having reviewed the report of the Supervisory Board on Corporate governance, approves the fixed, variable and exceptional items making up the total compensation and benefits of all kinds paid during or awarded in respect of the fiscal year ended December 31, 2019 to Mr. Nicolas ver Hulst, in his capacity as Member of the Supervisory Board, as presented in this report (section 2.2.3 of the 2019 Universal Registration Document, pages 126 and 132).

Fifteenth resolution

Authorization given to the Executive Board to purchase Company shares

The Annual General Meeting, voting under the quorum and majority required for Ordinary General Meetings, acting on the recommendation of the Executive Board approved by the Supervisory Board, in application of Article 15-V of the by-laws,

- having reviewed the report of the Executive Board,
- in accordance with the provisions of Articles L. 225-209 *et seq.* of the French Commercial Code, Regulation (EU) 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, Delegated Regulation (EU) 2016/1052 of the Commission of March 8, 2016 on the conditions applicable to buyback programs and stabilization measures, the General Regulations of the AMF, Articles 241-1 *et seq.* and any other provisions that may become applicable,

1. authorizes the Executive Board, with the power to sub-delegate as provided for by law, to buy back shares of the Company within the following limits:
   - the number of shares purchased by the Company during the term of the buyback program does not exceed 10% of the shares comprising the share capital of the Company at any time, with said percentage applying to share capital adjusted based on the transactions affecting it subsequent to this meeting, (*i.e.* on the basis of the share capital as of December 31, 2019, 4,468,230 shares), it being specified that in accordance with the law, (i) if shares are redeemed to increase liquidity under the conditions defined by the AMF General Regulation, the number of shares taken into account for the calculation of that limit of 10% corresponds to the number of shares purchased, minus the number of shares sold

during the term of the authorization, and (ii) if the shares are acquired by the Company for the purpose of the retention thereof and subsequent delivery for payment or exchange during an external growth operation, the number of shares acquired may not exceed 5% of its share capital,

- the number of shares held by the Company at any time shall not exceed 10% of the Company's share capital at the date under consideration;

2. decides that the Company's shares, within the limits defined above, may be purchased for the following purposes:
   - to enable an investment service provider to make operations on a secondary market or maintain the liquidity thereof within the framework of a liquidity contract in compliance with market practices approved by the AMF (Autorité des marchés financiers),
   - to implement stock purchase option plans as defined in Articles L. 225-177 *et seq.* of the French Commercial Code,
   - to allocate bonus shares pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code,
   - to deliver shares on the occasion of the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date,
   - to retain them pending a delivery of shares (as an exchange, payment or other consideration) in the context of acquisitions, mergers, spin-offs or asset contributions, subject to prior authorization by the Supervisory Board,
   - to allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code,
   - to cancel all or part of the shares thus purchased, subject to the prior authorization of the Supervisory Board, in the context of the authorization of the Shareholders' Meeting.

   This program is also intended to allow the Company to pursue any other purpose that has been or may be authorized by legislation or regulations in force, or by any market practice that may be admitted by the AMF, in such a case, the Company would inform its shareholders by means of a press release;

3. decides that the acquisition, disposal or transfer of shares may, subject to the applicable legal and regulatory restrictions, be performed at any time and by any means on the regulated market of Euronext Paris or elsewhere, including by:
   - block transfers,
   - public offers (purchase, sale or exchange),
   - use of any financial instruments or derivatives,
   - creation of optional instruments,
   - conversion, exchange, redemption, delivery of shares following the issue of securities giving future access to the Company's share capital, or
   - in any other way, either directly or indirectly through an investment services provider;
4. sets the maximum purchase price at €250 per share (excluding brokerage fee) (representing, on an indicative basis, a total maximum share buyback amount of €1,117,057,500 on the basis of 4,468,230 shares corresponding to 10% of the share capital as of December 31, 2019), and give full power to the Executive Board to adjust this purchase price, in the event of transactions on the Company's capital, in order to take into account the impact of these transactions on the value of the shares;
5. decides that the Executive Board may not, without the prior authorization of the Shareholders' Meeting, use this delegation from the date of the announcement by a third party of a public offer for the Company's securities until the end of the offer period;
6. gives full power to the Executive Board, with the power to sub-delegate, without this list being exhaustive, to decide and implement this authorization, to specify, where necessary, the terms and procedures, to carry out the share buyback program, and in particular to trade in the stock market, enter into any agreements, facilitate the recording of purchases and sales in stock market registers, inform the shareholders under the conditions provided for by the laws and regulations in force, make any disclosures including to the Autorité des marchés financiers, carry out any formalities, and, generally, do what is required for the application of this authorization;
7. decides that this authorization, which terminates, for their unused amounts, any previous authorization of the same nature, shall be valid for a period of fourteen (14) months from the date of this Shareholders'l Meeting.

B. Resolutions pertaining to the Extraordinary Meeting

Sixteenth resolution

Authorization given to the Executive Board to reduce the share capital by the cancellation of shares

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary General Meetings,

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors,
- pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code,

1. authorizes the Executive Board, subject to the prior authorization of the Supervisory Board pursuant to Article 15-V of the by-laws, to cancel, in one or more stages, at its sole decision and at the times that it shall determine, some or all of the treasury shares held by the Company, up to a limit of 10% of the share capital for periods of twenty-four (24) months from the date of this Shareholders' Meeting, with this limit being adjusted to take into account transactions that would affect it after this Shareholders' Meeting;
2. authorizes the Executive Board to correspondingly reduce the share capital by imputing the difference between the buyback value of the canceled shares and their par value to share premiums and the available reserves of its choice, including to the legal reserve;
3. gives all powers to the Executive Board, with the option to sub-delegate, to make the corresponding amendments to the by-laws, perform all acts, formalities or declarations and, generally, to do what is necessary for the application of this authorization;
4. decides that this authorization, which terminates, for their unused amounts, any previous authorizations of the same nature, shall be valid for a period of twenty-six (26) months from the date of this Shareholders' Meeting.

Seventeenth resolution

Delegation of authority granted to the Executive Board to increase the share capital, with preferential subscription rights maintained, through the issue of shares or securities giving access to the capital

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary General Meetings,

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors, and
- pursuant to Articles L. 225-129, L. 225-129-2, L. 225-129-4, L. 225-129-5, L. 225-132, L. 225-134 and Articles L. 228-91 *et seq.* of the French Commercial Code,

1. delegates to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, the auhtority to issue, on one or more occasions, in the proportions and at the times that it shall determine, in France or outside France, subject to valuable consideration or not, with preferential subscription rights maintained, shares of the Company or any other securities giving access, at any time or at a specified date—through subscription, conversion, exchange, repayment, exercise of warrants or in any other manner—to a portion of the share capital to be issued by the Company or by one of the companies described in Article L.228-93 of the French Commercial Code, it being specified that these securities may be denominated in euros or another currency or in a monetary unit established by reference to a number of currencies;
2. decides that the nominal amount of any capital increases carried out immediately or at a later date under this delegation shall not exceed 40% of the share capital at the time of issue, it being specified that this amount shall be deducted from the overall nominal ceiling referred to in Paragraph 1 of the twenty-fifth resolution of this Shareholders' Meeting;
3. decides that to these amounts shall be added, if applicable, the nominal amount of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
4. decides that the issue or issues shall be reserved, on a preferential basis, to shareholders who may subscribe as of right in proportion to the number of shares they own;
5. takes note that the Executive Board may grant shareholders the right to subscribe for excess securities in addition to the number of securities they are entitled to subscribe for as of right, in proportion to their subscription rights and, in any case, not exceeding the number requested,
6. takes note that if all the shares issued are not taken up through subscriptions as of right and, if applicable, subscriptions for excess shares, the Executive Board may use, as provided for by law and in the order that it shall determine, one or more of the powers below:
   - restrict the increase of capital to the subscription amount, subject to this amount attaining at least three-quarters of the increase decided,
   - distribute as it sees fit all or a portion of the securities not taken up,
   - offer to the public all or a portion of the securities not taken up;

7. takes note and decide, where necessary, that this delegation by law entail, in favor of the holders of the securities giving access to shares of the Company that may be issued under this resolution, the waiver by the shareholders of their preferential subscription rights to the new shares to which these securities give access;
8. decides that the issues of equity warrants in the Company may be carried out by subscription offer, but also by free allocation to the owners of existing shares, it being specified that the Executive Board shall have the power to decide that allocation rights comprising fractional shares shall not be negotiable and that the corresponding securities shall be sold;
9. decides that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of authority from the date of filing by a third party of a public offer for the Company's securities until the end of the offer period;
10. gives full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this delegation, in particular but not restricted to:
    - determine the dates and the amounts of the issues as well as the form and the characteristics of the securities to be created; set the issue price of the shares or securities giving access to the capital, the date from which ownership rights on them shall take effect, including a retroactive date, and the method of payment (in particular pursuant to Article L. 228-7 of the French Commercial Code); provide for, if applicable, the terms and conditions of their repayment, repurchase on the stock market or exchange for shares or other securities, the possibility to suspend the exercise of rights attached to securities for a period not to exceed the maximum period authorized by the legal and regulatory provisions in force; determine and carry out any adjustments intended to take into account the impact of transactions on the share capital of the Company and set the terms and conditions by which it shall ensure, if applicable, the protection of the rights of the holders of securities giving access to the capital,
    - in the event of an issue of debt securities, decide whether they shall be subordinated or not, set their interest rates and the terms and conditions of interest payment, their term (with or without a maturity date), the redemption price (fixed or variable, with or without premium), repayment terms based notably on market conditions, the terms under which these securities shall give entitlement to shares and, more generally, determine all other issue and repayment terms and conditions; amend, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities,
    - in agreement with the holders of any securities issued, amend all characteristics of the securities issued under this delegation,
    - charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve,
    - recognize the amount of the capital increase or increases resulting from any issue carried out under this authorization and amend the by-laws accordingly, and
    - generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;
11. decides that this delegation, which cancels and replaces the unused amounts of any previous delegation of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Eighteenth resolution

Delegation of authority granted to the Executive Board to increase the share capital, with cancellation of preferential subscription rights, through the issue of shares or securities giving access to the capital, by way of a public offering

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary General Meetings:

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors;
- pursuant to the previsions of Articles L.225-129-2, L.225-129-4 and L.225-129-5, and of Articles L.225-134, L.225-135, L.225-136, and L.228-91 et seq. of the French Commercial Code,
- it being specified that this delegation does not apply to offers referred to in 1° of Article L. 411-2 of the French Monetary and Financial Code (covered by the nineteenth resolution below),

1. delegates to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, the authority to issue, on one or more occasions and as part of a public offering, in the proportions and at the times that it shall determine, in France or outside France, subject to valuable consideration or not, shares of the Company or any other securities giving access, at any time or at a specified date—through subscription, conversion, exchange, repayment, exercise of warrants or in any other manner—to a portion of the share capital to be issued by the Company or by one of the companies described in Article L.228-93 of the French Commercial Code, it being specified that these securities may be denominated in euros or another currency or in a monetary unit established by reference to a number of currencies;

2. delegates to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, the authority to issue shares or securities giving access to the capital of the Company subsequent to the issue, by companies described in Article L.228-93 of the French Commercial Code, of securities giving access to the capital of the Company;
3. decides that the nominal amount of any capital increases carried out immediately or at a later date under this delegation shall not exceed 10% of the share capital at the time of issue, it being specified that this amount shall be deducted from (i) the overall nominal ceiling referred to in Paragraph 1 and (ii) the nominal sub-ceiling referred to in Paragraph 2, of the twenty-fifth resolution of this Shareholders' Meeting;
4. decides that to this amount shall be added, if applicable, the nominal amount of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
5. decides to cancel the preferential subscription rights of shareholders to securities issued under this delegation, it being understood that the Executive Board may grant to shareholders, for a period of time and according to terms and conditions that it shall set in accordance with applicable legal and regulatory provisions, for the entire share issue through public offering, a priority period to subscribe for the abovementioned securities, in proportion to the number of shares held by each shareholder, as of right and possibly not as of right, without giving rise to the creation of negotiable rights;
6. decides that if the issue of shares or securities giving access to the Company's capital is not fully subscribed, the Executive Board can take some or all of the measures allowed under Article L.225-134 of the French Commercial Code, in the order that it deems appropriate;
7. takes note and decide, where necessary, that this delegation shall by law entail, in favor of the holders of the securities giving access to shares of the Company that may be issued under this resolution or by companies described in Article L.228-93 of the French Commercial Code, the waiver by the shareholders of their preferential subscription rights to the new shares to which these securities give access;
8. takes note that, pursuant to Article L.225-136 of the French Commercial Code:
   - the issue price of shares issued directly shall be at least equal to the minimum provided for by the applicable regulatory provisions at the issue date (which under current regulations is the weighted average share price of the last three trading days prior to the beginning of the offering, discounted by 10%),
   - the issue price of securities giving access to the share capital shall be such that the sum received immediately by the Company, increased by any amount received subsequently by the Company, is, for each share issued as a result of the issue of securities, at least equal to the minimum subscription price defined in the previous paragraph;
9. decides that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of authority from the date of filing by a third party of a public offer for the Company's securities until the end of the offer period;
10. gives full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this delegation, in particular but not restricted to:
    - determine the dates and the amounts of the issues as well as the form and the characteristics of the securities to be created; set the issue price of the shares or securities giving access to the capital, the date from which ownership rights on them shall take effect, including a retroactive date, and the method of payment (in particular pursuant to Article L. 228-7 of the French Commercial Code); provide for, if applicable, the terms and conditions of their repayment, repurchase on the stock market or exchange for shares or other securities, the possibility to suspend the exercise of rights attached to securities for a period not to exceed the maximum period authorized by the legal and regulatory provisions in force; determine and carry out any adjustments intended to take into account the impact of transactions on the share capital of the Company and set the terms and conditions by which it shall ensure, if applicable, the protection of the rights of the holders of securities giving access to the capital,
    - in the event of an issue of debt securities, decide whether they shall be subordinated or not, set their interest rates and the terms and conditions of interest payment, their term (with or without a maturity date), the redemption price (fixed or variable, with or without premium), repayment terms based notably on market conditions, the terms under which these securities shall give entitlement to shares and, more generally, determine all other issue and repayment terms and conditions; where appropriate, these securities may be combined with warrants giving an entitlement to the allocation, acquisition or subscription of bonds or other debt securities; amend, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities,
    - in agreement with the holders of any securities issued, amend all characteristics of the securities issued under this delegation,

- charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve,
- recognize the amount of the capital increase or increases resulting from any issue carried out under this delegation and amend the by-laws accordingly, and
- generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;

11. decides that this delegation, which cancels and replaces the unused amounts of any previous delegation of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Nineteenth resolution

Delegation of authority granted to the Executive Board to increase the share capital, with cancellation of preferential subscription rights, through the issue of shares or securities giving access to the capital, by way of an offer referred to in 1° of Article L. 411-2 of the French Monetary and Financial Code

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary General Meetings:

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors; and
- pursuant to the provisions Articles L. 225-129, L.225-129-2, L.225-129-4, L.225-129-5, Articles L.225-134, L.225-135 and L.225-136 and Articles L.228-91 et seq. of the French Commercial Code, and 1° of Article L. 411-2 of the French Monetary and Financial Code,

1. delegates to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, the authority to issue, on one or more occasions and as part of offers referred to in 1° of Article L. 411-2 of the French Monetary and Financial Code, in the proportions and at the times that it shall determine, under the conditions and maximum limits stipulated under the law and regulations, in France or outside France, subject to valuable consideration or not, shares of the Company or any other securities giving access, at any time or at a specified date—through subscription, conversion, exchange, repayment, exercise of warrants or in any other manner—to a portion of the share capital to be issued by the Company or by one of the companies described in Article L.228-93 of the French Commercial Code or to the allocation of debt securities, it being specified that these securities may be denominated in euros or another currency or in a monetary unit established by reference to a number of currencies;
2. decides that the nominal amount of any capital increases carried out under this delegation shall not exceed 10% of the share capital on a 12-month period, this amount being deducted from (i) the overall nominal ceiling referred to in Paragraph 1 and (ii) the nominal sub-ceiling referred to in Paragraph 2, of the twenty-fifth resolution of this Shareholders' Meeting;
3. decides that to this amount shall be added, if applicable, the nominal amount of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
4. decides to cancel the preferential subscription rights of shareholders to securities issued under this delegation;
5. decides that if the issue of shares or securities giving access to the Company's capital is not fully subscribed, the Executive Board can take some or all of the measures allowed under Article L.225-134 of the French Commercial Code, in the order that it deems appropriate;
6. takes note and decide, where necessary, that this delegation shall by law entail, in favor of the holders of the securities giving access to shares of the Company that may be issued under this resolution or by companies described in Article L.228-93 of the French Commercial Code, the waiver by the shareholders of their preferential subscription rights to the new shares to which these securities give access;
7. takes note that, pursuant to Article L.225-136 of the French Commercial Code:
   - the issue price of shares issued directly shall be at least equal to the minimum provided for by the applicable regulatory provisions at the issue date (which under current regulations is the weighted average share price of the last three trading days prior to the beginning of the offering, discounted by 10%),
   - the issue price of securities giving access to the share capital shall be such that the sum received immediately by the Company, increased by any amount received subsequently by the Company, is, for each share issued as a result of the issue of securities, at least equal to the minimum subscription price defined in the previous paragraph;
8. decides that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of authority from the date of filing by a third party of a public offer for the Company's securities until the end of the offer period;
9. gives full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this delegation, in particular but not restricted to:
   - approve the list of beneficiaries to whom the issue will be reserved,

- determine the dates and the amounts of the issues as well as the form and the characteristics of the securities to be created; set the issue price of the shares or securities giving access to the capital, the date from which ownership rights on them shall take effect, including a retroactive date, and the method of payment (in particular pursuant to Article L. 228-7 of the French Commercial Code); provide for, if applicable, the terms and conditions of their repayment, repurchase on the stock market or exchange for shares or other securities, the possibility to suspend the exercise of rights attached to securities for a period not to exceed the maximum period authorized by the legal and regulatory provisions in force; determine and carry out any adjustments intended to take into account the impact of transactions on the share capital of the Company and set the terms and conditions by which it shall ensure, if applicable, the protection of the rights of the holders of securities giving access to the capital,
- in the event of an issue of debt securities, decide whether they shall be subordinated or not, set their interest rates and the terms and conditions of interest payment, their term (with or without a maturity date), the redemption price (fixed or variable, with or without premium), repayment terms based notably on market conditions, the terms under which these securities shall give entitlement to shares and, more generally, determine all other issue and repayment terms and conditions; where appropriate, these securities may be combined with warrants giving an entitlement to the allocation, acquisition or subscription of bonds or other debt securities; amend, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities,
- in agreement with the holders of any securities issued, amend all characteristics of the securities issued under this delegation,
- charge, if applicable, costs against share premiums, notably issue expenses, and deduct from this amount the sums required to raise the legal reserve,
- recognize the amount of the capital increase or increases resulting from any issue carried out under this delegation and amend the by-laws accordingly, and
- generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;

10. decides that this delegation, which cancels and replaces the unused amounts of any previous delegation of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Twentieth resolution

Authorization granted to the Executive Board to set, in accordance with the terms and conditions determined by the Shareholders' Meeting, the issue price of the shares or securities giving access to capital, with cancellation of preferential subscription rights, up to an annual limit of 10% of the share capital

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary General Meetings,

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors; and
- pursuant to the provisions of Article L.225-136,1° of the French Commercial Code,

1. authorizes the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, to depart from the price-setting method set forth in the eighteenth and nineteenth resolutions and to set the issue price as follows:
   - for a share issue, the issue price shall be at least equal to the average Wendel share closing price over the 20-day period preceding the issue, to which a 10% discount may be applied,
   - for an issue of other securities, the issue price shall be set such that the sum received immediately by the Company, increased by any amount received subsequently by the Company, is, for each share issued as a result of the issue of securities, at least equal to the minimum subscription price defined above;
2. decides that the nominal amount of any capital increases carried out under this authorization cannot exceed 10% of the Company's share capital at the time of the issue over a 12-month period, this amount being deducted from (i) the overall nominal ceiling referred to in Paragraph 1 and (ii) the nominal sub-ceiling referred to in Paragraph 2, of the twenty-fifth resolution of this Shareholders' Meeting;
3. decides that the Executive Board shall not, without the prior authorization of shareholders, use this authorization from the date of filing by a third party of a public offer for the Company's securities until the end of the offer period;
4. decides that this authorization, which cancels and replaces the unused amounts of any previous authorizations of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Twenty-first resolution

Delegation of authority granted to the Executive Board to increase the number of shares to be issued in the event of over-subscription, with or without preferential subscription rights

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary General Meetings,

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors; and
- pursuant to Article L.225-135-1 of the French Commercial Code,

1. delegates to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, and within the share capital limit and the limit specified in the resolution authorizing the issue, for each of the issues decided by virtue of the seventeenth, eighteenth, nineteenth, twentieth resolutions of this Shareholders' Meeting, in the event of excess demand, the authority to increase the number of securities to be issued at the same price as that set for the initial issue and within the periods and up to the limits provided by applicable regulations on the issue date (currently within 30 days of the closing date of the subscription and by up to 15% of the initial issue);
2. decides that the nominal amount of any capital increase carried out in accordance with this resolution shall be deducted (i) from the overall nominal ceiling referred to in Paragraph 1 and, as the case may be, (ii) from the nominal sub-ceiling referred to in Paragraph 2, of the twenty-fifth resolution of this Shareholders' Meeting;
3. decides that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of authority from the date of filing by a third party of a public offer for the Company's securities until the end of the offer period;
4. decides that this delegation is given for a period of 26 months from the date of this Shareholders' Meeting.

Twenty-second resolution

Delegation of authority granted to the Executive Board to increase the share capital, with cancellation of preferential subscription rights, as remuneration for contributions in kind

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary General Meetings

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors; and
- pursuant to Articles L.225-129 et seq., L.225-147 and L.228-91 et seq. of the French Commercial Code,

1. delegates to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, the authority to issue, on one or more occasions, shares or securities giving access to the Company's share capital, on the basis of the report from the contributions auditor (commissaire aux apports), up to a maximum of 10% of the share capital at the time of issue, in consideration for contributions in kind made to the Company and comprising shares or securities giving access to the capital, when the provisions of Article L.225-148 of the French Commercial Code are not applicable;
2. decides that the nominal amount of any capital increase carried out in accordance with this resolution shall be deducted from (i) the overall nominal ceiling referred to in Paragraph 1 and (ii) the nominal sub-ceiling referred to in Paragraph 2, of the twenty-fifth resolution of this Shareholders' Meeting;
3. decides that to this amount shall be added, if applicable, the nominal amount of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
4. decides to cancel, in favor of the holders of the contributed shares, preferential subscription rights to the shares and securities issued in consideration for the contributions in kind;
5. decides that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of authority from the date of filing by a third party of a public offer for the Company's securities until the end of the offer period;
6. gives full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this delegation and in particular but not restricted to:
   - approve the valuation of contributions and set the exchange ratio as well as, if applicable, the amount of the cash consideration,
   - approve the granting of special benefits, and reduce, if the contributors agree, the valuation of the contributions or the consideration for the special benefits,
   - recognize the number of securities to be issued,
   - determine the dates and terms of issues, notably the price and the effective date ownership rights take effect on shares or other securities to be issued and giving access to the share capital of the Company,
   - recognize the difference between the issue price of new shares and their par value in shareholders' equity on the balance sheet, under share premiums, to which all shareholders shall have rights,
   - charge, if applicable, all costs and fees related to the authorized transaction against share premiums and deduct from this amount the sums required to raise the legal reserve,

- recognize the amount of the capital increase or increases resulting from any issue carried out under this delegation and amend the by-laws accordingly, and
- generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;

7. decides that this delegation, which cancels and replaces the unused amounts of any previous delegation of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Twenty-third resolution

Delegation of authority granted to the Executive Board to increase the share capital, with cancellation of preferential subscription rights, in the context of a public exchange offer (OPE)

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary General Meetings,

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors; and
- pursuant to Articles L.225-129 *et seq.*, L.225-148, and L.228-91 *et seq.* of the French Commercial Code,

1. delegates to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, the authority to issue, on one or more occasions, shares or securities giving access to the Company's share capital, in consideration for shares tendered in a public exchange offer initiated by the Company, in France or outside France, in compliance with local regulations, on the shares of another company whose shares are traded on a regulated market, in accordance with Article L.225-148 of the French Commercial Code;
2. decides that the nominal amount of any capital increases carried out under this delegation shall not exceed 10% of the share capital, this amount being deducted from (i) the overall nominal ceiling referred to in Paragraph 1 and (ii) the nominal sub-ceiling referred to in Paragraph 2, of the twenty-fifth resolution of this Shareholders' Meeting;
3. decides that to this amount shall be added, if applicable, the nominal amount of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
4. decides to cancel, in favor of the holders of the contributed shares, preferential subscription rights to the shares and securities issued in consideration for the contributions in kind;
5. decides that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of authority from the date of filing by a third party of a public offer for the Company's securities until the end of the offer period;
6. gives full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this delegation and in particular but not restricted to:
   - approve the valuation of contributions and set the exchange ratio as well as, if applicable, the amount of the cash consideration,
   - acknowledge the number of securities contributed to the exchange,
   - recognize the number of securities to be issued,
   - determine the dates and terms of issues, notably the price and the effective date ownership rights take effect on shares or other securities to be issued and giving access to the share capital of the Company,
   - recognize the difference between the issue price of new shares and their par value in shareholders' equity on the balance sheet, under share premiums, to which all shareholders shall have rights,
   - charge, if applicable, all costs and fees related to the authorized transaction against share premiums and deduct from this amount the sums required to raise the legal reserve,
   - recognize the amount of the capital increase or increases resulting from any issue carried out under this delegation and amend the by-laws accordingly, and
   - generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;
7. decides that this delegation, which cancels and replaces the unused amounts of any previous delegation of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Twenty-fourth resolution

Delegation of authority granted to the Executive Board to increase the share capital by incorporation of reserves, profits, premiums or other items

The Shareholders' Meeting, voting under the quorum and majority required for Ordinary General Meetings,

- having reviewed the report of the Executive Board;
- pursuant to Articles L.225-129, L.225-129-2, L.225-129-4 and L.225-130 of the French Commercial Code,

1. delegates to the Executive Board, with the power of sub-delegation as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, the authority to increase share capital, on one or more occasions, in the proportions and at the times that it shall determine, through the successive or simultaneous capitalization of all or part of the reserves, profits or premiums (from issues, mergers or contributions) or other sums that may be capitalized under law or the by-laws, implemented by the

issue and allocation of bonus shares or by an increase in the par value of shares or by the combined use of both methods;

2. decides that the nominal amount of any capital increases carried out under this delegation shall not exceed 50% of the share capital, this amount being deducted from the overall nominal ceiling referred to in Paragraph 1 of the twenty-fifth resolution of this Shareholders' Meeting;
3. decides, in the event of the distribution of bonus shares:
   - that the rights representing fractional shares shall not be negotiable and that the corresponding securities shall be sold; the proceeds of the sale shall be allocated to the rights holders in accordance with applicable laws and regulations,
   - to carry out any adjustments intended to take into account the impact of transactions on the Company's share capital and set the terms and conditions by which it shall ensure, if applicable, the protection of the rights of the holders of securities giving access to the capital;
4. decides that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of authority from the date of filing by a third party of a public offer for the Company's securities until the end of the offer period;
5. gives full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this delegation, in particular but not restricted to:
   - set the amount and nature of the sums to be incorporated into the capital;
   - set the number of shares to be issued or the amount by which the par value of shares comprising the share capital shall be increased;
   - set the date from which ownership rights on new shares or the increase in par value shall take effect;
   - appropriate from one or more available reserve accounts the amounts required to raise the legal reserve;
   - recognize the amount of the capital increase or increases resulting from any issue carried out under this delegation and amend the by-laws accordingly, and
   - generally take all appropriate steps and enter into any agreements in order to ensure successful completion of the planned transactions;
6. decides that this delegation, which cancels and replaces the unused amounts of any previous delegation of the same nature, shall be valid for a period of 26 months from the date of this Shareholders' Meeting.

Twenty-fifth resolution

Overall ceiling for capital increases

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary General Meetings,

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors, and
- pursuant to Article L. 225-129-2 of the French Commercial Code,

1. decides to set at 100% of the share capital the overall ceiling of the cumulative nominal amount of any capital increases that may be decided pursuant to the seventeenth to the twentieth, the twenty-second to the twenty-fourth resolutions of this Shareholders' Meeting;
2. decides to set at 10% of the capital the sub-ceiling of the cumulative nominal amount of the capital increases with cancellation of preferential subscription rights that may be decided pursuant to the eighteenth to the twentieth, the twenty-second and the twenty-third resolutions of this Shareholders' Meeting;
3. decides that the nominal amount of shares that may be issued in the event of over-subscription pursuant to the twenty-first resolution will be respectively deducted from the aforementioned overall ceiling and sub-ceiling;
4. decides that to these amounts shall be added, as the case may be, the nominal amount of additional shares to be issued to protect the rights of the holders of securities giving access to the Company's share capital;
5. decides that this delegation, which cancels and supersedes, for their unused amounts, any previous delegation of the same nature, shall be valid for a period of twenty-six (26) months from the date of this Shareholders' Meeting.

Twenty-sixth resolution

Delegation of authority granted to the Executive Board to increase the share capital through the issue of shares or securities giving access to the share capital reserved for members of the Group Savings Plan, with cancellation of preferential subscription rights in their favor

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary General Meetings,

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors, and
- pursuant to Articles L. 225-129, L. 225-129-2, L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code,

1. delegates to the Executive Board, with the power to sub-delegate as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, the authority to increase the share capital, on one or more occasions, through the issue of shares or securities giving access to the capital, reserved for members of one or more company savings plans implemented within the Group;
2. decides to set at €150,000 the maximum aggregate nominal amount of capital increases that may be carried out by virtue of this delegation;
3. decides to cancel, in favor of members of one or more company savings plans implemented within the Group, shareholders' preferential subscription right to securities issued under this delegation;
4. decides that the subscription price of new shares, set by the Executive Board in accordance with Article L. 3332-19 of the French Labor Code, shall not be higher than the average closing share price for the twenty (20) trading days prior to the date of the Executive Board decision setting the opening date of the subscription, nor more than 30% lower than this average or less than any other upper limit that may be set by law;
5. authorizes the Executive Board to allocate, free of consideration, to the members of one or more company savings plans implemented within the Group, in addition to the shares or securities giving access to the share capital to be subscribed in cash, shares or securities giving access to share capital already issued, in full or partial substitution for the discount set by the Executive Board and/or as a matching contribution, with the stipulation that the resulting benefit from this allocation may not exceed the applicable legal or regulatory limits defined in Articles L. 3332-19 *et seq.* and L. 3332-11 of the French Labor Code;
6. gives the Executive Board full powers, with the power to sub-delegate as provided for by law, to implement this authorization with a view to, in particular, but not restricted to:
   - determining the companies or corporate Groups whose employees may subscribe or receive the shares or securities allocated by virtue of this resolution,
   - deciding that shares or securities may be subscribed or acquired directly by the beneficiaries, members of a company savings plan implemented within the Group or through mutual funds or other structures or entities authorized by applicable legal or regulatory provisions,
   - deciding the amount to be issued or sold, setting the issue price in accordance with the terms and limits set by the legislation in force and the terms of payment, approving the dates, terms and conditions of the issues to be carried out under this delegation,
   - setting the date from which ownership rights on the new shares shall take effect, setting the period within which payment must be made within the maximum period set by the legal and regulatory provisions in force, as well as, if applicable, the required length of service for beneficiaries to participate in the transaction and benefit from the Company's contribution,
   - in the event of the allocation, free of consideration, of shares or securities giving access to the share capital, setting the number of the shares or securities giving access to capital to be issued, the number to be allocated to each beneficiary and setting the dates, time periods, terms and conditions of the allocation of these shares or securities giving access to the share capital within the legal and regulatory limits in force and, notably, choosing to allocate these shares or securities giving access to the share capital in full or partial substitution for the discount decided by the Executive Board, or to apply the value of these shares or securities to the total of the matching contribution or to combine the two possibilities,
   - charging, if applicable, costs against share premiums, notably issue expenses, and deducting from this amount the sums required to raise the legal reserve,
   - recognizing the amount of the capital increase or increases resulting from any issue carried out under this delegation and amending the by-laws accordingly, and
   - generally, taking all appropriate steps and entering into any agreements in order to ensure the successful completion of the planned transactions;
7. decides that this delegation, which terminates any previous delegation of the same nature, shall be valid for a period of fourteen (14) months from the date of this Shareholders' Meeting.

Twenty-seventh resolution

Authorization given to the Executive Board to grant stock subscription or purchase options to some or all of the Company's executive corporate officers and employees, entailing the waiver by shareholders of their preferential subscription rights to the shares issued on exercise of the options

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors, and
- pursuant to Articles L. 225-177 *et seq.* of the French Commercial Code,

1. authorizes the Executive Board to grant, on one or more occasions, stock subscription options, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, and/or stock purchase options in the Company, in favor of individuals that it shall designate – or have designated – from among the executive corporate officers described in Article L. 225-185 of the French Commercial Code

and employees of the Company or of companies or corporate Groups related to it as defined by Article L. 225-180 of the French Commercial Code;

2. decides that the number of shares available to be vested or subscribed through the exercise of options granted under this authorization shall not exceed 1% of the existing share capital on the date the options are granted, it being specified that the number of shares awarded under the twentieth-eighth resolution of this Shareholders' Meeting shall be deducted from this ceiling;
3. decides that the total number of shares that may be acquired or subscribed by the members of the Executive Board through the exercise of the options granted under this authorization to the members of the Executive Board may not exceed 0.124% of the share capital on the date of the allocation of said options, subject to any adjustments that may be made in accordance with applicable laws and regulations to preserve the rights of the beneficiaries of such options;
4. decides that the Executive Board may amend its initial choice between stock subscription and stock purchase options, if the option-exercise period has not yet begun; should the Executive Board amend its choice in favor of stock subscription options, it must obtain the prior approval of the Supervisory Board, in application of Article 15-V of the by-laws;
5. duly notes that, in accordance with the provisions of Article L. 225-178 of the French Commercial Code, this authorization includes an express waiver by shareholders of their preferential rights to subscribe to any shares to be issued as these options are exercised, for option beneficiaries;
6. duly notes that in the event that options are granted to the corporate officers described in Article L. 225-185 of the French Commercial Code, the Supervisory Board shall subject the grant or exercise of these options to one or more performance conditions and must set a minimum number of shares resulting from the exercise of options that they are obliged to hold in registered form until termination of their appointment;
7. decides that the options to be granted under this authorization shall be subject to disclosure in the form of a special report of the Executive Board to the Shareholders' Meeting, in accordance with legal and regulatory provisions in force;
8. gives the Executive Board full powers to implement this authorization with a view to, in particular, but not restricted to:
   - setting the terms and conditions by which the options shall be granted and drawing up the list or categories of option beneficiaries,
   - determining the dates of each allocation,
   - determining the subscription price of new shares and the purchase price of existing shares, it being specified that this share subscription or purchase price shall be set in accordance with the legal and regulatory provisions in force on the date that the options are granted and shall not be lower than the average closing share price for the twenty (20) trading days prior to the date of the price-setting, or, with respect to stock purchase options, the average purchase price of the treasury shares held by the Company,
   - taking the necessary steps to protect the interests of beneficiaries with regard to any financial transactions that may be carried out before the exercise of the options,
   - setting the terms and conditions of the exercise of the options and notably (i) the period or periods during which the options granted may be exercised, it being specified that the period during which these options may be exercised shall not exceed ten (10) years from their grant date and (ii), if applicable, individual and/or collective performance conditions for employees,
   - approving the rules of the option plan and, as the case may be, amending it following the grant of options,
   - providing for the possibility of temporarily suspending the exercise of options in accordance with legal and regulatory provisions for a maximum of three (3) months in the event that financial transactions are carried out involving the exercise of rights attached to the shares,
   - recording, if appropriate, for each capital transaction, the number and total value of the shares issued during the year as a result of the exercise of options,
   - charging, if applicable, costs against share premiums, notably issue expenses, and deducting from this amount the sums required to raise the legal reserve,
   - recognizing the amount of the capital increase or increases resulting from any issue carried out under this authorization and amending the by-laws accordingly, and
   - generally, taking all appropriate steps and entering into any agreements in order to ensure the successful completion of the planned transactions;
9. decides that this authorization, which terminates any previous delegation of the same nature, shall be valid for a period of fourteen (14) months from the date of this Shareholders Meeting.

Twenty-eighth resolution

Authorization given to the Executive Board to grant bonus shares to some or all of the Company's executive corporate officers and employees, entailing the waiver by shareholders of their preferential subscription rights to the shares to be issued

The Shareholders' Meeting, voting under the quorum and majority required for Extraordinary General Meetings,

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors, and
- pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code,

1. authorizes the Executive Board to grant, on one or more occasions, existing performance shares or, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, performance shares to be issued, in favor of employees or corporate officers of the Company described in paragraph II of Article 225-197-1 of the French Commercial Code, or employees and corporate officers of companies or corporate Groups related to it as defined by Article L 225-197-2 of the French Commercial Code;
2. decides that the total number of shares, whether existing or to be issued, that may be granted under this authorization shall not exceed 0.5% of the existing share capital on the date the shares are granted, it being specified that the number of shares granted shall be deducted from the maximum number of shares that may be issued by virtue of the twenty-seventh resolution of this Shareholders' Meeting, set at 1% of share capital;
3. decides that the total number of shares that may be awarded to Executive Board members may not exceed 0.105% of the Company's share capital on the date on which their granting is decided;
4. decides that:
   - the allocation of shares to their beneficiaries will become definitive at the end of a vesting period, the length of which will be determined by the Executive Board and which may not be less than one (1) year,
   - the Executive Board may set a period over which the beneficiaries must hold the aforementioned shares;

   it being specified that the cumulative length of vesting and holding periods may not be less than two (2) years and the Executive Board can set vesting and holding periods that are longer than the minimal periods stated above;
5. duly notes that in the event that bonus shares are awarded to corporate officers, the Supervisory Board shall subject the grant and/or vesting of shares to certain conditions, in particular one or more performance conditions, and must either prohibit the sale of these shares by the beneficiaries before the termination of their appointments or set a minimum number of these shares that they are required to hold in registered form until termination of their appointment;
6. authorizes the Executive Board to adjust the number of shares, as the case may be, during the vesting period, as a result of transactions affecting the Company's share capital, so as to protect the rights of the beneficiaries;
7. duly notes that in the case of shares to be issued, this authorization shall entail, in favor of the beneficiaries, the waiver by the shareholders of their preferential rights to subscribe to the shares whose issuance is authorized;
8. gives the Executive Board full powers to implement this authorization with a view to, in particular, but not restricted to:
   - establishing the list of beneficiaries of shares or defining the category or categories of beneficiaries to receive performance shares as well as the number of shares to be awarded to each,
   - adjusting, if applicable, the number of shares granted to protect the rights of beneficiaries with regard to any transactions involving the Company's share capital, it being specified that the shares granted as a result of these adjustments shall be considered to have been distributed on the same date as the shares initially awarded,
   - setting the conditions and criteria for the share grants,
   - determining whether bonus shares allocated will be shares to be issued and/or existing shares (in the case of shares to be issued, subject to the preapproval of the Supervisory Board pursuant to Article 15-V of the by-laws),
   - approving the rules of the bonus share plan and, as the case may be, amending it following the grant of shares,
   - in the event of the issue of new shares, charging the amounts required for the full payment of shares against reserves, profits or share premiums,
   - charging, if applicable, costs against share premiums, notably issue expenses, and deducting from this amount the sums required to raise the legal reserve,
   - recognizing the amount of the capital increase or increases resulting from any issue carried out under this authorization and amending the by-laws accordingly, and
   - generally, taking all appropriate steps and entering into any agreements in order to ensure the successful completion of the planned transactions;
9. decides that this authorization, which terminates any previous authorizations of the same nature, shall be valid for a period of fourteen (14) months from the date of this Shareholders Meeting.

Twenty-ninth resolution

Amendment of Article 12 paragraph III of the by-laws relating to the composition of the Supervisory Board

The Annual General Meeting, voting under the quorum and majority required for Extraordinary General Meetings, having reviewed the report of the Executive Board, hereby decides to amend Article 12, paragraph III, of the by-laws on the composition of the Supervisory Board, as follows:

Former text	New text
The Supervisory Board includes one member representing the Company's employees, as required by Article L.225-79-2 of the French Commercial Code. The Company's works council designates this member for a four-year term. If the number of Supervisory Board members increases to more than 12, the works council designates a second Supervisory Board member representing employees within six months after the new member is appointed by the Supervisory Board (on an interim basis) or by shareholders at their Shareholders' Meeting. If the number of Supervisory Board members falls to 12 or fewer, the term of the second Supervisory Board member representing employees shall nevertheless continue until the end of his or her term. In the event the Company no longer meets the criteria for compliance with Article L.225-79-2 of the French Commercial Code, the term(s) of the Supervisory Board member(s) representing employees ends at the close of the Supervisory Board meeting during which it formally recognizes that such compliance is no longer required. As an exception to the terms of this Article, the Supervisory Board member(s) representing employees shall not be required to own a minimum number of shares in the Company.	Pursuant to Article L 225-79-2 of the French Commercial Code, the Supervisory Board also includes **one or more employee representatives** appointed for a four-year term by the Company's **Social and Economic Council**. Should Article L 225-79-2 of the French Commercial Code cease to apply, the term of office of employee representatives to the Supervisory Board shall end following the meeting in which the Supervisory Board notes that it no longer applies. As an exception to the provisions of this Article, the member(s) of the Supervisory Board representing employees is not (are not) required to hold a minimum number of shares.

C. Resolution pertaining to the Ordinary Meeting

Thirteenth resolution

Powers for legal formalities

The Annual General Meeting, voting under the quorum and majority required for Ordinary General Meetings, hereby gives full powers to the bearer of copies or extracts of the minutes of these proceedings to make all necessary filings and carry out any registration, filing or other legal formalities.

10

ADDITIONAL INFORMATION

10.1 Principal Contracts

Shareholder and corporate governance agreements are described in section 8.3.10 of this Universal Registration Document.

Financial contracts are described in note 5 “Managing financial risks” of the notes to the consolidated financial statements.

Except for these contracts and agreements, the Group does not have any significant dependence on any given patent, license, or industrial, commercial or financial contract.

10.2 Transactions with related parties

Information on related parties can be found in note 3 “Related parties” of the notes to the consolidated financial statements of this Universal Registration Document.

The regulated related-party agreements as defined by Articles L. 225-38 and L. 225-86 of the French Commercial Code are mentioned in the Statutory Auditors’ report on regulated related-party agreements and commitments in section 9.1.1 of this Universal Registration Document.

10.3 Significant changes in financial condition or business status

This Universal Registration Document relates to Wendel’s 2019 fiscal year. However, due to the exceptional context, Wendel wished to provide an update on the potential impact of the Covid-19 pandemic on the business of Wendel SE and its shareholdings on the basis of information that could be analyzed at the time of publication of the Universal Registration Document (finalized in remote working conditions) and in a rapidly changing situation.

Bureau Veritas

The impact of Covid-19 on the business (information published on March 26, 2020)

Bureau Veritas is carefully monitoring the situation and has taken the appropriate actions to protect the health of its people and, where possible, of its customers, suppliers and subcontractors.

Bureau Veritas is closely monitoring the economic inactivity associated with the Covid-19 outbreak which is having a direct impact on its operations. On February 27, 2020, when Bureau Veritas announced its results for 2019 and at a time when the impact of the virus was limited to its operations in Asia, the Group estimated the impact on revenue to be in the range of €60 to €100 million.

In light of the progression of the epidemic, which was classed as a pandemic by the World Health Organization on March 11, 2020, the impact that was at first primarily concentrated in China (17% of Group revenue, 16,461 employees as of December 31, 2019) is now spreading to other geographical regions.

Given the uncertainty surrounding the health situation, the impact of this crisis on Bureau Veritas' 2020 results is impossible to quantify and Bureau Veritas announced that its initial impact estimate published in February 2019 was no longer valid. Further updates will be provided as and when possible.

It should be noted that the COVID-19 virus epidemic has no impact on the Group's accounting and financial position as of December 31, 2019, as presented in the Bureau Veritas 2019 Universal Registration Document.

Cromology

Cromology generates 96% of its revenue in Europe (of which 66% in France and 12% in Italy). Operations have adapted to the changing situation in each country by giving top priority to the health of its employees and the proper functioning of its supply chain, under the impetus of management, which has put in place emergency plans at Group level and in each region. While the impact of COVID-19 was limited until mid-March on Cromology's business, the developments of COVID-19 since that date, which have resulted in the partial or total closure of points of sale in Europe, have led to a very significant downturn in Cromology's business.

Stahl

Stahl is closely monitoring the downturn in business associated with the virus, which has a direct impact on its operations. The geographic areas initially concerned were China, South Korea and Italy (accounting for about 30% of the business). The impact on sales in the first quarter was limited and mainly related to China, where production has been gradually restarting since mid-February. However, the situation has deteriorated since then as containment measures are impacting the Group's customers in many countries. The company is making every effort to manage this exceptional situation and its impact on production as well as on the supply chain, logistics and business activity. It shall take all appropriate measures to protect the health and safety of its employees.

IHS Towers

IHS was only marginally affected, in terms of its business, by the COVID-19 epidemic in the first three months of 2020. IHS's priority is the health and safety of its employees and supply chain with very little impact to date. Nevertheless, the macroeconomic environment, particularly in Nigeria, is impacted by the drop in oil prices following the effects of COVID-19. As a result, Nigeria has recently devalued its currency, the Naira. IHS is monitoring the situation very closely and has begun to implement operational and financial mitigation measures.

Constantia Flexibles

Constantia Flexibles products have been classified « essential supply » for food, hygiene and healthcare products with priority cross-border transit in most countries. The customer demand in the first quarter has been robust, and has to date not been negatively affected by the various lockdowns implemented by the authorities. While so far, the majority of its plants continue to operate, Constantia is facing in some countries some operational challenges, notably related to access to labor, materials and logistic services.

Tsebo

On March 27, 2020, South Africa put in place strict national containment measures significantly reducing Tsebo's business activity. These measures are likely to affect the financial health of the company and to have a negative impact on the ongoing discussions aimed at finding a consensual solution to Tsebo's financial difficulties. Tsebo is monitoring this very worrying situation closely and has implemented emergency measures to safeguard the safety of its staff and clients. In addition, Tsebo has entered into discussions with its creditors concerning the follow-up of its financial structure problems resulting from the non-respect of its banking commitments and its liquidity needs.

Crisis Prevention Institute

CPI is focusing on ensuring the health and safety of all employees and customers. As of early-April 2020, nearly 100% of employees are working remotely.

CPI has postponed all near-term, on-site training sessions but has successfully transitioned some trainings to newly launched virtual sessions, particularly Certified Instructor renewals. CPI anticipates a significant slowdown in 2020 revenues until social distancing restrictions end, with the largest impact anticipated in the second quarter.

10.4 Expenses described in 39-4 and 112 quater of the French Tax Code

2013	Wendel's expenses described in 39-4 and 112 *quater* of the French Tax Code amounted to:	**12,395€**
2014	Wendel's expenses described in 39-4 and 112 *quater* of the French Tax Code amounted to:	**11,434€**
2015	Wendel's expenses described in 39-4 and 112 *quater* of the French Tax Code amounted to:	**7,482€**
2016	Wendel's expenses described in 39-4 and 112 *quater* of the French Tax Code amounted to:	**19,340€**
2017	Wendel's expenses described in 39-4 and 112 *quater* of the French Tax Code amounted to:	**21,499€**
2018	Wendel's expenses described in 39-4 and 112 *quater* of the French Tax Code amounted to:	**4,568€**
2019	Wendel's expenses described in 39-4 and 112 *quater* of the French Tax Code amounted to:	**3,923€**

10.5 Breakdown of supplier and customer payment terms

In 2019

Pursuant to Article D. 4-41 of the French Commercial Code, the breakdown of the Company's supplier and customer payment terms shows that 84 invoices received were past due as of the closing date of the fiscal year and totaled €2 million (incl. VAT), representing 12% of all invoices for purchases (incl. VAT) and that 10 invoices issued were past due as of the closing date of the fiscal year and totaled €140 million (incl. VAT), representing 1% of total sales (incl. VAT) for the year.

Customer invoices were past due by more than 60 days for five invoices amounting to €27,000 and 17 supplier invoices were more than 60 days past due, representing a total of €471,000 (incl. tax).

No supplier or customer invoices were disputed or unrecognized.

10.6 Persons responsible for the Universal Registration Document and the audit of financial statements

10.6.1 Person responsible for financial information

Jérôme Michiels, Chief Financial Officer

Tel: +33 (0)1 42 85 30 00

E-mail: j.michiels@wendelgroup.com

10.6.2 Person responsible for the Universal Registration Document including the annual financial report

I hereby certify, having taken all reasonable measures in this regard, that the information contained in this Universal Registration Document is, to the best of my knowledge, accurate and that no information has been omitted that would be likely to alter its substance.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated group of companies and that the management report (for which the cross-reference table appears in section 10.7.3) presents a true and fair picture of the business, its results and the financial condition of the Company and of its consolidated group of companies, as well as a description of the principal risks and uncertainties to which they are exposed.

Paris, April 15, 2020

André François-Poncet

Chairman of the Executive Board

10.6.3 Persons responsible for the audit of the financial statements and their fees

10.6.3.1 Statutory Auditors

Ernst & Young Audit represented by Jacques Pierres

Member of the *Compagnie régionale des Commissaires aux comptes de Versailles*.

Tour First – 1/2, place des Saisons – 92400 Courbevoie-Paris-La Défense 1, France

Date appointed to first term: Combined shareholders' Meeting of November 15, 1988 (formerly named Castel Jacquet et Associés).

Appointment last renewed: General Meeting of May 16, 2019.

Term of office: six years.

Current term of office ends: General Meeting convened to approve the financial statements for fiscal year 2024.

Deloitte Audit represented by Mansour Belhiba

Member of the *Compagnie régionale des Commissaires aux comptes de Versailles*.

Tour Majunga – 6 place de la Pyramide – 92908 Paris-La Défense

Date first appointed: General Meeting of May 16, 2019

Term of office: six years.

Current term of office ends: General Meeting convened to approve the financial statements for fiscal year 2018.

10.6.3.2 Fees paid by the Group to the Statutory Auditors and members of their networks

The fees paid to the Statutory Auditors and members of their networks are presented in note 36 to the 2019 consolidated financial statements presented in this Universal Registration Document.

10.7 Cross-reference tables

10.7.1 Cross-reference table for the Universal Registration Document

The following cross-reference table identifies the principal categories of information required under Appendices 1 and 2 of European Regulation 2019/980 of March 14, 2019, supplementing European Regulation 2017/1129 of June 14, 2017, and refers to the corresponding pages of this Universal Registration Document.

Categories of Appendices 1 and 2 to European Regulation 2019/980

Universal Registration Document		Pages
1.	**Persons responsible, third party information, expert reports and competent authority approvals**	493, 496
2.	**Statutory Auditors**	494
3.	**Risk factors**	134 to 144, 175 to 185, 346 to 353, 371, 372, 412, 413
4.	**Information about the issuer**	445
5.	**Business overview**	
	Principal activities	35, 40 to 62
	Principal markets	36 to 62, 304 to 313
	Important events in the development of the issuer's activities	34, 36 to 39, 306, 307, 447
	Strategy and goals of the issuer	36 to 39, 163 to 166
	Issuer's dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	143, 144
	Competitive positioning	35 to 39
	Investments	38, 40 to 62, 306, 307, 339 to 341, 447
6.	**Organizational structure**	
	Brief description and organization chart of the Group	34, 35, 319, 432
	List of major subsidiaries	319, 394
7.	**Financial condition and income**	
	Financial condition	304 to 318
	Operating income	304 to 313, 324, 404
8.	**Cash, cash equivalents and share capital**	
	Information on share capital	309, 312, 313, 323, 326, 370,371, 411, 412, 435
	Cash flow	310, 327, 385 to 387, 405
	Financing requirements and structure	348 to 351, 376 to 378
	Restrictions on the use of capital	346 to 353
	Expected sources of financing	N/A
9.	**Regulatory environment**	143, 144
10.	**Trends**	35, 40 to 62

Universal Registration Document		Pages
11.	**Projected or estimated earnings**	N/A
12.	**Administrative, management and supervisory bodies and executive management**	
	Composition of administrative, management and supervisory bodies	64 to 80, 88 to 90
	Conflicts of interest in administrative, management and supervisory bodies and senior management	67, 89, 98
13.	**Compensation and benefits**	
	Compensation and benefits of corporate officers	102 to 131
	Amounts provided for or otherwise recognized for the purpose of paying pensions, retirement or other benefits	107, 108, 182, 373 to 375
14.	**Management entities**	
	Expiration dates of current terms of office	64, 65, 68 to 80
	Service contracts	67, 89
	Information on the Supervisory Board Committees	84 to 87
	Compliance with a Corporate Governance Code	88
	Potential significant impacts on governance	N/A
15.	**Employees**	
	Number of employees and employee breakdown	177 to 183, 380, 417
	Shareholdings and stock options held by members of the administrative, supervisory and management bodies	68 to 80, 89 to 90, 115 to 120
	Agreements providing for employee share ownership	111, 113, 114, 181, 182
16.	**Principal shareholders**	
	Shareholders with more than 5% of the share capital or voting rights	432 to 434
	Existence of different voting rights	432, 434, 448
	Control of the issuer	432, 433
	Arrangements known to the issuer, the implementation of which could result in a change of control of the issuer	433, 442
17.	**Transactions with related parties**	450 to 457, 490
18.	**Financial information concerning the assets and liabilities, financial condition and earnings of the issuer**	
	Historical financial information	426 to 428, 304 to 318, 421
	Interim and other financial information	N/A
	Audit of historical annual financial information	395 to 399, 422 to 424
	Pro forma financial information	N/A
	Dividend policy	39, 427, 446
	Judicial proceedings and arbitration	141, 371, 372, 412, 413
	Significant changes in financial condition of the issuer	393, 419 to 421, 490, 491
19.	**Additional information**	
	Share capital	435
	Articles of incorporation and by-laws	445 to 447
20.	**Significant contracts**	346 to 353, 442, 443, 490
21.	**Available documents**	431

This Universal Registration Document has been filed with the French Market Authorities (Autorité des marchés financiers – AMF), as a competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said Regulation. The Universal Registration Document may be used for the purposes of a public offer of financial securities or the admission of financial securities to trading on a regulated market if it is supplemented by a securities note and, where applicable, a summary and any amendments made to the Universal Registration Document. The resulting document is then approved by the AMF in accordance with EU Regulation 2017/1129.

10.7.2 Cross-reference table for the annual financial report

This Registration Document includes all the items of the annual financial report mentioned in chapter I from Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the AMF's General Regulations.

The following table shows the sections of the Universal Registration Document corresponding to the various chapters of the annual financial report.

Annual financial report	Pages
Parent company financial statements	311 to 313, 402 to 421
Consolidated financial statements of the Group	304 to 310, 322 to 394
Management report (refer to the cross-reference table in this report 10.7.3)	-
Statement by the person responsible for the annual financial report	493
Statutory Auditors' report on the parent company financial statements	422 to 424
Statutory Auditors' report on the consolidated financial statements	395 to 399
Report of the Supervisory Board on Corporate governance (refer to the cross-reference table in this report 10.7.4)	-

10.7.3 Cross-reference table of the Executive Board's management report

The following cross-reference table identifies the main information required by Articles L. 225-100 *et seq.*, L. 232-1, II and R. 225-102 of the French Commercial Code and refers to the corresponding pages of this Universal Registration Document.

Executive Board's report	Pages
Activity report	
Financial condition and business activities of the Company in the past fiscal year	40 to 62, 304 to 318
Earnings and business activities of the Company, its subsidiaries and the companies it controls	40 to 62, 304 to 313
Key financial performance indicators	38,39, 304, 308, 314, 315, 426, 427,432
Analysis of changes in business, earnings and financial condition	304 to 318
Significant events occurring between the balance-sheet date and publication of the management report	393, 419, 490, 491
Trends and outlook	36 to 39, 40 to 62
Research and development activities	40 to 62, 380
Changes to the presentation of annual financial statements and valuation methods	316 to 318, 330 to 339, 408, 409
Description of principal risks and uncertainties	134 to 144, 175 to 185, 346 to 353, 371, 372, 412, 413
Financial risks related to the effects of climate change and measures to reduce them	160 to 166
Internal control and risk management procedures	145 to 156
Information on "high threshold" Seveso installations	N/A
Information on the use of financial instruments	346 to 353, 414, 415
Investments made in the three previous fiscal years	447
Acquisitions during the year of significant or controlling interests in companies whose registered office is in France	N/A
Names of controlled companies and the amount of the Company's equity stake	394
Business activity of the Company's subsidiaries and companies controlled by it	40 to 62, 394
Existing branches	N/A
Social, environmental and societal information	
Information on the manner in which the Company handles the corporate social and environmental consequences of its business activities and NFS	158 to 189
Independent verifier report on NFPS compliance	301 to 302
Information on Vigilance plan implementation	174, 219 to 223, 250 to 252, 274 to 275, 297 to 300
Information concerning the share capital	
Shareholding structure and changes thereto during the fiscal year	432, 434 to 435
Buyback and sale by the Company of its own shares	370, 439 to 441
Transactions on Company shares by executive managers and individuals who are closely related to them	441
Employee participation in share capital	432, 434, 181, 182
Information on stock subscription options awarded to corporate officers and employees	105, 106, 115 to 120, 181, 182
Obligation for executives to hold shares obtained through stock option or bonus share plans	98, 105, 106,
Elements of calculation and results of the adjustment of the translation bases and conditions of subscription or exercise of securities giving access to the capital or subscription or purchase options	N/A
Information on allocation of free shares to corporate officers and employees	105, 106, 115 to 120, 181, 182

Executive Board's report	Pages
Summary of valid authorizations to increase capital and their use during the fiscal year	437, 438
Disposal of shares to reduce cross holdings	N/A
Other information	
Amount of dividends and other distributed income paid in the three previous fiscal years	421, 427, 473
Expenses described in Articles 39-4 and 223 *quater* of the French Tax Code	492
Breakdown of the Company's supplier and customer payment terms	492
Five-year financial summary	421
Injunctions or financial penalties for anti-competitive practices	N/A
Amount of loans granted under Article L. 511-6 of the French Monetary and Financial Code	N/A

10.7.4 Cross-reference table of the report of the Supervisory Board on Corporate governance

The following cross-reference table identifies the main information required by Article L. 226-10-1 of the French Commercial Code and refers to the corresponding pages of this Universal Registration Document.

Report of the Supervisory Board on Corporate governance	
Procedures for the exercise of executive management	64 to 91
List of appointments and positions held in any company by each corporate officer	68 to 80
Agreements between a director or significant shareholder and a subsidiary	100 to 101
Valuation procedure for related-party agreements and current agreements	99, 100
Delegations of power and authorizations granted by the General Meeting to the Executive Board in connection with capital increases	437 to 438
Compensation policy for corporate officers	102 to 109
Information relating to the compensation of corporate officers pursuant to Article L. 225-37-3	109 to 125
Information on factors likely to have an impact in the event of a takeover offer	444
Composition of the Board and the preparation and organization of its proceedings	64 to 87
Gender equality in the Board and description of the diversity policy applied within the Board	65, 66
Description of the provisions of the Afep-Medef Code whose application is ruled out	88
Special terms and conditions relating to the participation of shareholders in the General Meeting	448
Observations of the Supervisory Board	467

10.7.5 Cross-reference table for the Non-Financial Performance Statement (NFPS)

The cross-reference table below links the non-financial information required in the Non-Financial Performance Statement (NFPS) with the other parts of the Wendel Universal Registration Document, when they are relevant to the Company's main risks or policies, in accordance with Article L. 225-102-1 of the French Commercial Code.

Topics	**Paragraph**
Business model	
Description of the main businesses (business segments and/or divisions), products or services, including key figures (*i.e.* Volume of activity, headcount, results) by business/division and/or geographical area	Introductory guide + pages 30 to 43
Interactions within its subsidiaries/business segments (*i.e.* customer categories, potential partnerships, use of subcontracting, competitive positioning, relations with stakeholders, etc.)	Competitive positioning: Part 1.2
Challenges and outlook for the entity and its businesses (*i.e.* market trends, ongoing transformations, sectoral sustainable development issues, etc.)	Strategic orientations: p. 25 & Part 1.3.4
Information relating to value creation and its distribution among stakeholders	Dividends: Part 8.1.2 Commitments in civil society: Part 4.2.7
Vision and objectives of the entity (*i.e.* values, strategy, transformation or investment plan)	Part 1.3

	Main risks related to Wendel's business
Non-financial challenges in Wendel Group subsidiaries: awareness of the risks and opportunities to create long term value;	Part 4.2.4.1
Risks related to the human resources of Wendel teams	Part 4.2.4.2
Risk of non-independence of governance bodies and control mechanisms	Part 4.2.4.3
Risks linked to business ethics	Part 4.2.4.4
	Other information disclosed by Article L. 225-102-1 of the French Commercial Code
The employee-related consequences of the business, particularly with regard to collective agreements and their impact, the fight against discrimination and the promotion of diversity, societal commitments, disability	Part 4.2.4.2
The environmental consequences of the business, in particular with regard to climate change, the circular economy, food waste, the fight against food insecurity, respect for animal welfare and responsible, equitable and sustainable nutrition	Environmental risks have not been identified as relevant in view of Wendel's investor activity (other than risks related to the business of the companies that it controls); However, Wendel believes that climate issues are everyone's responsibility, and it conducted a carbon audit in 2020. Climate issues are the subject of specific commitments in the 2023 plan (see section 4.1.3.)
The impact of the business on respect for human rights	Part 4.2.4.2 – Promotion and respect of the ILO fundamental conventions
The impact of the business on the fight against corruption	Part 1.3.4

10.8 Glossary

Financial glossary

The definitions below are specific to the Wendel Group's activity.

Term	Definition
Net Asset Value	The Wendel Group's principal performance indicator. Valuation of the Group's assets (total assets less borrowings and other liabilities) at a specific date. The calculation method for Net Asset Value is presented in section 4.3.2.
Net Asset Value per share	Net Asset Value divided by the total number of shares comprising Wendel's equity at the valuation date.
NAV	See Net Asset Value.
Organic growth	Sales growth at constant structure and exchange rates.
Share discount	Difference between the Company's share price and its NAV on a given date. In the NAV calculation, the share price corresponds to the average of the 20 most recent share prices before the NAV calculation date. When this figure is negative, it is referred to as a discount; when it is positive, it is referred to as a premium.
Gross debt	Total Company financial debt.
Net debt	Gross financial debt minus available cash and cash equivalents and short-term financial investments.
Theoretical voting rights	Total number of voting rights.
Exercisable voting rights	Real number of voting rights excluding shares without voting rights (treasury shares).
EBIT	EBIT, or operating income, refers to net earnings before interest and taxes.
EBITDA	EBITDA, or gross operating income, refers to net earnings before interest, taxes, depreciation and amortization.
Investment grade	Category of credit rating that indicates the high quality of the debt issuer. Investment grade ratings range from AAA to BBB- according to Standard & Poor's scale.
Loan-to-Value Ratio	Ratio of Wendel's net debt to gross assets excluding cash and cash equivalents.
Net income from operations	Net income from operating segments is the Group's "recurring" income. It consists of net income from investments and from holding companies and excludes non-recurring items and the impact of goodwill, as defined in note 6 to the consolidated financial statements.
Internal rate of return on equity	The IRR measures the profitability of capital invested by shareholders in a project.
Total shareholder return	Total shareholder return is the rate of return on a share of stock over a given period and includes dividends received and capital gains. Dividends received are reinvested on the same date.
TSR	See Total shareholder return.

Glossary for Company businesses

Beamhouse Stahl	First stages of the leather production process from a raw hide; it involves removing unwanted components from the hide and preparing the hide for tanning by soaking.
Broad-Based Black Economic Empowerment – Tsebo	B-BBEE (Broad-Based Black Economic Empowerment) is a policy initiated by the South African government to enhance the economic participation of black people.
VOC – Cromology	Volatile Organic Compounds are commonly found in gaseous form in the atmosphere Their volatility gives them the ability to spread over varying distances from the point of emission, causing direct and indirect impacts on living organisms and the environment.
In-Mold Label (IML) – Constantia Flexibles	Refers to a label already in its injection-molded final form, by blow-molding or thermoforming on a container.
ETI – Saint-Gobain and Cromology	External thermal insulation.
Lease Up Rate – IHS	See Tower colocation rate.
Leather finish – Stahl	Process to enhance the leather softness, improve aesthetics, neutralize odors and create, if required, a non-slippery type surface.
Desiccant plastic – CSP Technologies	Plastic with physical properties (molecular sieve) that allow the containers it forms to maintain a constant level of humidity.
Trochoidal pump – NOP	Hydraulic pump also called an internal gear pump, rotor type. These pumps are widely used to lubricate machine tool motors.
QHSE	Quality, Health, Safety, Environment.
Six-Sigma Quality	Standard of quality with the goal of ensuring very high statistical reliability.
REACH	REACH is a European Union regulation adopted to better protect human health and the environment against risks related to chemical substances.
CSR	Corporate Social Responsibility.
Supply chain	Supply chain.
Lease Up Rate – IHS	In the telecom tower industry, this is the average number of tenants or sites leased by operators on a telecom tower.
LT1	Number of lost-time injuries per million hours worked among employees with permanent or fixed-term contracts, temporary staff and subcontractors.
LT2	Number of injuries with or without lost time per million hours worked among employees with permanent or fixed-term contracts, temporary staff and subcontractors.
Wet-End – Stahl	Includes processes to convert the raw hides into tanned hides by giving the leather specific properties (*e.g.* color, softness or waterproofness).

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WENDEL

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89, rue Taitbout – 75312 Paris Cedex 09
Tel.: +33 (0)1 42 85 30 00 – Fax: +33 (0)1 42 80 68 67

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WWW.WENDELGROUP.COM