8.10 Report of the Executive Board on the resolutions submitted to the shareholders at their Annual Meeting on May 18, 2017

8.10.1 Overview of resolutions

Ordinary General Meeting

2016 financial statements, allocation of income and related-party agreements

The purpose of the **first** and **second resolutions** is to approve Wendel's financial statements as of December 31, 2016.

The parent company financial statements show net income of €135.5 million. Shareholders' equity totaled €5,453.1 million, reflecting Wendel's sound financial condition.

The consolidated financial statements show net income of €-141.1 million and net income, group share of €-366.8 million.

The **third resolution** proposes to allocate net income for the year ended December 31, 2016 and distribute a dividend of €2.35 per share, an increase from the dividends paid for the past three years:

	2013	2014	2015
Dividend	€1.85	€2	€2.15

The ex-dividend date is set for May 23, 2017, and the dividend will be paid on May 26, 2017.

The dividend is eligible for a 40% tax allowance for individuals whose tax residency is in France, pursuant to Article 158-3 2° of the French General Tax Code.

The **fourth resolution** proposes to approve the Statutory Auditors' special report on the related-party agreements entered into in 2016 and early 2017. This report details the co-investment by Executive Board members in Tsebo, the co-investment principles for 2017-20, and the 2017 fixed and variable compensation for Bernard Gautier.

The purpose of the **fifth** and **sixth** resolutions is to approve the renewal of commitments made to members of the Executive Board in the event of the termination of their appointments, as part of the renewal of their terms of office and in accordance with Article L. 225-90-1 and Article L. 225-86 *et seq.* of the French Commercial Code.

Supervisory Board: renewal of the terms of four members and appointment of two new members

The **seventh, eighth, ninth, and tenth resolutions** propose to renew the terms of Bénédicte Coste, Priscilla de Moustier, Laurent Burelle, and Édouard de l'Espée for a further four years.

The **eleventh** and **twelfth resolutions** propose the appointment of two new Supervisory Board members: Nicholas Ferguson, independent member, and Nicolas ver Hulst.

Mr. Ferguson, of British nationality, and Mr. van Hulst are both reputed in the investment industry, especially in terms of international investments. They would bring to the Board extensive investment experience and knowledge of various regions, including Africa.

Their biographies are given in section 2.1.2.2 of the Company's 2016 registration document.

Finally, Christian d'Oosthove has expressed his wish to step down from the Board.

If these proposals are approved, the Supervisory Board will have 12 members, including six independent members, five women, and one member representing employees.

Vote on compensation of corporate officers

The **thirteenth resolution** proposes to increase the amount of director's fees for Supervisory Board members from €750,000 to €900,000. The Supervisory Board would then review the individual breakdown of director's fees, subject to approval by shareholders at their Annual Meeting.

The **fourteenth, fifteenth, and sixteenth resolutions** propose to approve the compensation policies for members of the Executive Board and Supervisory Board. These compensation policies are described in sections 2.1.7.1 and 2.1.7.2 of the Company's 2016 registration document. Your vote is required pursuant to the new Article L. 225-82-2 of the French Commercial Code.

In accordance with recommendation 26.1 of the Afep-Medef Code as amended in November 2016, which the Company has adopted pursuant to Article L. 225-37 of the French Commercial Code, the **seventeenth, eighteenth, and nineteenth resolutions** ask shareholders to cast a favorable vote on the compensation owed or granted to Executive Board Chairman Frédéric Lemoine, Executive Board member Bernard Gautier, and Supervisory Board Chairman François de Wendel for the 2016 fiscal year. Their compensation is detailed below in the second part of this report.

Share buyback program

The **twentieth resolution** would renew the authorization granted to the Company to buy back its own shares as provided for by law. The maximum repurchase price has been set at €200 and the authorization would be valid for 14 months.

The share buyback program can only be used for the purposes defined by law and determined in this resolution. In practice, your Company may use this program to buy back and cancel shares, carry out acquisitions, stimulate the market for the Company's shares or cover stock purchase options or performance shares. In 2016, Wendel purchased directly 593,903 treasury shares.

In all cases, the Company may not acquire more than 10% of its capital, or (on an indicative basis) based on the share capital as of December 31, 2016 and taking into account the shares held in treasury as of that date, 4,709,237 shares. This authorization may not be used during a takeover bid.

Extraordinary General Meeting

Capital reduction

The **twenty-first resolution** renews, for a period of 26 months, the Executive Board's authorization granted by shareholders at their June 5, 2015 meeting, with the prior approval of the Supervisory Board, to cancel, in a 24-month period, up to 10% of the shares acquired by the Company under the buyback program authorized by the twentieth resolution.

The Executive Board used this authorization in July 2016 to reduce the capital by 960,837 shares.

Renewal of financial authorizations

The **twenty-second through twenty-ninth resolutions** propose to renew, for a period of 14 months, existing financial authorizations that are due to expire. The maximum par value of the corresponding capital increases is set at €190 million.

The authorizations relate to the issue of shares or securities giving immediate or future access to the capital of the Company, with the maintenance or cancellation of preferential subscription rights in favor of shareholders, depending on the opportunities arising on the financial markets and the interests of the Company and its shareholders. They would give the Company flexibility and the ability to act quickly by allowing the Executive Board, with the prior approval of the Supervisory Board, to carry out market transactions as needed to implement the Group's strategy.

These authorizations may not be used during a public offering period.

The authorized amount for the capital increase with cancellation of preferential subscription rights has been reduced substantially to reflect current best practices, recommendations from voting agencies and the opinions expressed by certain shareholders.

The Executive Board did not use any of these authorizations in 2016.

The **twenty-second resolution** would authorize the Executive Board to increase the share capital, with preferential subscription rights maintained, by up to a maximum par value of €75 million.

The **twenty-third resolution** would authorize the Executive Board to increase capital while canceling preferential subscription rights, but with the possibility of granting the shareholders a priority period, up to a maximum par value of €18 million and at a price that is at least equal to the weighted average share price for the three trading days prior to the price-setting, to which a discount of up to 5% may be applied. The total authorization for capital increases with cancellation of preferential subscription rights is €18 million.

The **twenty-fourth resolution** would authorize the Executive Board to issue securities, with cancellation of preferential subscription rights, for private placements up to a maximum of 10% of the capital per year and using the price setting method set forth by law. The **twenty-fifth resolution** would authorize the Executive Board to increase capital, with cancellation of preferential subscription rights and up to a maximum of 10% of the capital per year, through a private placement or public offering, at a price at least equal to the average Wendel share closing price over the 20-day period preceding the issue, to which a discount of up to 5% may be applied. The par value of any such share issues would be included in the €18 million maximum amount set in the twenty-third resolution.

The **twenty-sixth resolution** would authorize the Executive Board to increase the size of the above issues by up to 15% of the initial issue, with maintenance or cancellation of preferential subscription rights, in the event of excess demand. Any such increases must not exceed the maximum limit set for the Board.

The **twenty-seventh resolution** would authorize the Executive Board to increase the share capital, with cancellation of preferential subscription rights, in consideration for contributions in kind consisting of shares, up to a maximum of 10% of the capital, or in connection with a public exchange offer, up to a maximum par value of €18 million. This authorization would enable the Company to acquire equity investments in unlisted or listed companies and to fund those acquisitions with shares rather than cash. The par value of any such share issues would be included in the €18 million maximum amount set in the twenty-third resolution.

The **twenty-eighth resolution** would authorize the Executive Board to carry out a capital increase for the benefit of Company shareholders through the capitalization of reserves, profits or premiums, up to a maximum par value of €80 million. This capital increase may be carried out through the allocation of bonus shares to shareholders and/or an increase in the par value of existing shares.

The **twenty-ninth resolution** would set the maximum aggregate par value of capital increases resulting from the twenty-second, twenty-third, twenty-sixth, and twenty-eighth resolutions at €190 million.

Employee savings and employee share ownership

Wendel implements its employee share ownership policy with the aim of limiting the dilutive effect for shareholders.

Group savings plan

The **thirtieth resolution** would authorize the Executive Board, for a period of 14 months, to increase the Company's capital, with the prior approval of the Supervisory Board, in favor of the Group's employees and corporate officers and under the Group savings plan, up to a maximum par value of €150,000, slightly lower than in previous years.

In accordance with the legislation in force, the issue price of shares may not be higher than the average closing share price for the 20 trading days prior to the Executive Board's decision, nor lower than this average reduced by a maximum discount of 20%.

The Executive Board used the authorization granted by shareholders at their June 1, 2016 meeting. Employee share ownership through the Group savings plan was 0.7% of the capital as of December 31, 2016.

Grant of stock subscription and/or purchase options and performance shares

The exercise of options to purchase or subscribe to shares and the vesting of performance shares are subject to service and performance conditions and, for Executive Board members, to an obligation to hold the shares issued upon the exercise of stock options or the vested performance shares.

Performance conditions for the Executive Board members are set by the Supervisory Board; performance conditions for the beneficiary employees, if applicable, are set by the Executive Board.

The **thirty-first resolution** would authorize the Executive Board, for a period of 14 months, to grant stock subscription and/or purchase options, for up to a maximum of 1% of the 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 **thirty-second resolution** would authorize the Executive Board, for a period of 14 months, to grant performance shares to employees and corporate officers, up to a maximum of 0.33% of the capital. Any such performance shares would be included in the aggregate maximum amount of 1% set in the thirty-first resolution.

In accordance with recommendation 24.3.3 of the Afep-Medef Code, the **thirty-first** and **thirty-second** resolutions indicate the maximum percentage of stock options and performance shares that can be granted to Executive Board members. This percentage would be set at 36% of the upper limit of 1% of the capital.

Powers

Finally, the **thirty-third resolution** would grant the necessary powers to accomplish legal formalities.

8.10.2 Breakdown of compensation owed or granted to Executive Board members and the Chairman of the Supervisory Board for 2016 and submitted to a shareholder vote

In accordance with recommendation 26.2 of the Afep-Medef Code as amended, which the Company has adopted as set forth in Article L. 225-37 of the French Commercial Code, the following elements of the compensation owed or granted to Executive Board members and the Chairman of the Supervisory Board for the fiscal year under review 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;
- hiring bonuses and termination benefits;
- supplementary pension plans;
- any other benefits.

At the May 18, 2017 Annual Meeting, shareholders will be asked to vote on the following compensation owed or granted to Executive Board members and the Chairman of the Supervisory Board for the 2016 fiscal year.

Breakdown of compensation owed or granted to Executive Board Chairman Frédéric Lemoine for the 2016 fiscal year, to be submitted to a shareholder vote

Form of compensation	Amount	Comments
Gross fixed compensation Director's fees	€1,200,000 €253,615 of this amount	The Supervisory Board approved this compensation, which includes director's fees, on February 10, 2016.
Gross variable compensation for the year	€1,022,760	If all the quantitative (70%) and qualitative (30%) objectives are achieved, the variable compensation will total 100% of fixed compensation. The quantitative objectives are operating income of Wendel companies, use of cash, debt levels, and the increase in NAV. On March 22, 2017, upon the recommendation of the Governance Committee, the Supervisory Board set Mr. Lemoine's variable compensation at 85.23% of his fixed compensation, or €1,022,760.
Performance shares	34,572 performance shares valued at €1,707,857	Under the authorization granted by shareholders at the June 1, 2016 Annual Meeting and upon the recommendation of the Governance Committee, the Supervisory Board decided on July 7, 2016 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 a performance condition. Half of the performance shares vest after a two-year vesting period if NAV increases by at least 5% over the 2016-17 period; all performance shares vest if NAV increases by at least 10.25% over the 2016-18 period. The NAV used as the point of reference for 2016 is the average of the last three NAVs published before the grant date, or €134.70 per share. The NAVs used as the points of reference for 2017 and 2018 will be the average of the last three NAVs published before the anniversary of the option grant date, plus accumulated dividends paid after May 23, 2016. No Executive Board members were granted stock options in 2016.
Other benefits	€36,964	Matching contributions under the Group savings plan, collective performance bonus, and unemployment benefits.
Termination benefits	None owed or paid	If Mr. Lemoine's term as Executive Board Chairman were to be terminated, he would be entitled to a benefit of a maximum of two years' total fixed compensation and target compensation. This payment is subject to two performance conditions: 50% of the benefit would be paid only if he received for two of the three fiscal years prior to departure, including the year in progress, variable compensation equal to at least 50% of his target variable compensation as approved by the Supervisory Board for those three fiscal years; and 50% of the benefit would be paid only if NAV per share at the end of the term of office (Actual NAV) is greater than or equal to 90% of the average NAV per share for the preceding 12 months (Reference NAV). If Actual NAV is between 90% and 60% of the Reference NAV, the corresponding portion of the amount paid would be reduced by 2.5 times the difference. If Actual NAV is lower than 60% of the Reference NAV, this portion of the benefit would be zero (see section 2.1.7.1).

Mr. Lemoine 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 owed or granted to Executive Board member Bernard Gautier for the 2016 fiscal year, to be submitted to a shareholder vote

Form of compensation	Amount	Comments
Gross fixed compensation Director's fees	€800,000 €173,241 of this amount	The Supervisory Board approved this compensation, which includes director's fees, on February 10, 2016, on the recommendation of the Executive Board Chairman.
Gross variable compensation for the year	€681,840	If all the quantitative (70%) and qualitative (30%) objectives are achieved, the variable compensation will total 100% of fixed compensation. The quantitative objectives are operating income of Wendel companies, use of cash, debt levels, and the increase in NAV. On March 22, 2017, upon the proposal of the Executive Board Chairman and the recommendation of the Governance Committee, the Supervisory Board set variable compensation at 85.23% of fixed compensation, or €681,840.
Performance shares	23,048 performance shares valued at €1,138,571	Under the authorization granted by shareholders at the June 1, 2016 Annual Meeting and upon the recommendation of the Governance Committee, the Supervisory Board decided on July 7, 2016 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 a performance condition. Half of the performance shares vest after a two-year vesting period if NAV increases by at least 5% over the 2016-17 period; all performance shares vest if NAV increases by at least 10.25% over the 2016-18 period. The NAV used as the point of reference for 2016 is the average of the last three NAVs published before the grant date, or €134.70 per share. The NAVs used as the points of reference for 2017 and 2018 will be the average of the last three NAVs published before the anniversary of the grant date, plus accumulated dividends paid after May 23, 2016. No Executive Board members were granted stock options in 2016.
Other benefits	€24,556	Matching contributions under the Group savings plan and collective performance bonuses.
Termination benefits	None owed or paid	In the event Bernard Gautier's employment contract should be terminated, he would be entitled to one year's fixed compensation and target variable compensation (corresponding to the average of the yearly compensation allocated with respect to the last three fiscal years for which the financial statements have been approved); if this amount exceeds the maximum benefit authorized by the collective bargaining agreement, the excess amount would be paid only if Mr. Gautier has been paid, for two of the three years prior to termination, variable compensation equal to at least 50% of his target variable compensation in relation to those three years. In the event of the termination of his term on the Executive Board, Bernard Gautier will receive compensation equal to one year of fixed and target variable compensation (corresponding to the average annual compensation allocated for the last three periods for which the financial statements have been approved), subject to the following performance conditions: 50% of the amount of the benefit would be paid only if he received, for two of the three fiscal years for which the financial statements have been approved before the departure, variable compensation equal to at least 50% of the target variable compensation as approved by the Supervisory Board for those three fiscal years; and 50% of the amount of the benefit would be paid only if NAV per share at the end of the term of office (Actual NAV) is greater than or equal to 90% of the average NAV per share for the preceding 6 months (Reference NAV). If Actual NAV is between 90% and 60% of the Reference NAV, the corresponding portion of the benefit would be reduced by 2.5 times the difference. If Actual NAV is lower than 60% of the Reference NAV, this portion of the benefit would be zero. Mr. Gautier's total termination benefits may not exceed two years' gross fixed and target variable compensation (see section 2.1.7.1).

Mr. 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 owed or granted to François de Wendel, Chairman of the Supervisory Board, for the 2016 fiscal year, submitted to a shareholder vote

Form of compensation	Amount	Comments
Gross fixed compensation	€70,000	The Supervisory Board reviewed his compensation and director's fees on February 10, 2016, and decided to renew them at the same amounts as in prior years.
Director's fees	€70,000	

Mr. de Wendel 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.