REGISTRATION DOCUMENT **2016**

including the annual financial report

LONG-TERM INVESTOR

WENDEL

Contents

WENDEL

Registration Document 2016

This registration document contains the entire contents of the Annual Financial Report.

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.

The original French version of this report was registered with the French stock exchange authorities ("Autorité des Marchés Financiers" - AMF)

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The original French version of this report was registered with the French stock exchange authorities ("Autorité des Marchés Financiers" - AMF) on April 12, 2017, pursuant to Article 212-13 of the AMF General Regulation.

Only the original French version can be used to support a financial transaction, provided it is accompanied by a prospectus *(note d'opération)* duly certified by the Autorité des Marchés Financiers.

This document was produced by the issuer, and the signatories to it are responsible for its contents.

Copies of this registration document may be obtained free of charge at **www.wendelgroup.com**.

Who are we?

A LONG-TERM INVESTOR
WITH PERMANENT CAPITAL

WITH 313 YEARS
OF HISTORY WITH INDUSTRIAL ROOTS

AND AN ENTREPRENEURIAL TRADITION
SUPPORTED BY A CORE FAMILY SHAREHOLDER GROUP

A LISTED
INVESTMENT COMPANY

The Wendel Group was founded in 1704 in the Lorraine region of eastern France. For more than 300 years it developed in diverse industrial businesses, mainly steelmaking. At the end of the 1970s, the French government nationalized the Group's steel-production activities. Wendel then turned to long-term investing and was a pioneer in private equity.
As one of Europe's leading listed investment firms, Wendel operates at the crossroads of investment and finance.

Wendel is a long-term investor with a permanent capital base. For more than three centuries, the Group has been supported by the Wendel family, its core shareholder group. The 1,120 family shareholders are grouped under Wendel-Participations, which owns 36.9% of Wendel's share capital. This solid, long-term shareholder structure enables Wendel to focus year after year on value creation and the long-term growth of its investments, for the benefit of the companies in its portfolio and all of Wendel's shareholders.

Message from the Chairman of the Supervisory Board

In 2016 the Wendel Group made further progress toward the goals it set at the end of 2012: restore growth through investments spread across three continents (Europe, North America and Africa) in market-leading companies; to increase the proportion of unlisted assets; to ensure its investment grade rating by scaling down debt; and to regularly increase dividends in step with asset growth. This all took place in a turbulent international environment, however, with 2017 starting out full of uncertainties.

“Wendel intends to invest in the ongoing progress and success of its companies”

The first quarter benefited from positive financial-market performance, transactions were achieved at high multiples, and there remained a significant amount of idle capital. Nevertheless, in this tempestuous and, in many respects, counterintuitive environment, Wendel SE chose a path both cautious and bold: cautious, for the sharp reduction of its debt; bold, for the amount of investments announced over the next several years. Wendel SE will need to be selective about the choices it makes so as to maintain its positioning as a long-term investment company.

As an investment company, Wendel SE's predominant mission is to grow the capital provided by its shareholders. The Executive Board is committed to this, as are the dynamic investment teams under its leadership. As a long-term investment company, Wendel SE intends to invest in the ongoing progress and success of its companies.

Long-term investment is, first and foremost, a frame of mind. It means supporting discriminating entrepreneurs in their research projects, new product development and geographic expansion. Whenever a company has strong potential, the Group is steadfast in its support, even during periods of economic downturn.

Long-term investment is also an investment of time. With globalization and information circulating at ever-increasing speeds, a company can realize its potential more quickly than ever before. Nevertheless, the Group's preference is to give particular attention to entities that use their innovative talents to set themselves on a course of long-term expansion.

Our identity as a long-term investor is what attracts men and women who have the profile of a long-distance navigator. Their ambition to create is timeless; they have the temperament needed to keep moving ahead in both rough seas and calm waters; they find meaning as agents of social progress and sustainable development. These are the entrepreneurs who have gained–and will continue to gain–the confidence, support and recognition of your Company.

FRANÇOIS DE WENDEL
Chairman of the Supervisory Board

“Wendel chose a path both cautious and bold”

1704

Jean-Martin de Wendel acquires the Hayange forges. From 1704 to 1870, the Group takes advantage of the major inventions that have accelerated the development of its iron and steel production: iron smelted with coke, widespread use of blast furnaces and rolling mills, and the development of railroads.

313 YEARS OF HISTORY...
273 YEARS IN THE STEEL INDUSTRY...
40 YEARS IN INVESTING

1815

With François de Wendel, the family reclaims its industrial assets and acquires the Moyeuvre industrial facilities.
This same year, the Wendel family enters the world of politics when François de Wendel is elected deputy

1880

With the adoption of the "Thomas process", which allows for the manufacture of steel from Lorraine ore, the family companies–Les Petits-Fils de François de Wendel & Cie established in 1871 and Wendel & Cie founded in 1880–rank among Europe's leading steel producers.

1948

In the 20th century, hard hit by two world wars, the Group recovers and begins to grow again. The creation of the Sollac production cooperatives in 1948, followed by Solmer in 1969, help meet the growing demand for sheet steel.
In 1975, Wendel produces 72% of French crude steel.

1977

After the government's decision to nationalize French steelmakers in 1974 during a period of widespread economic crisis, the Group is forced to reorganize. In 1975, Marine-Wendel is created when the Wendel Group takes over the holding company Marine-Firminy. The coexistence of its steel industry assets alongside its diversified activities leads to the Group's split into two entities during the European steel crisis of 1977.

2002

In June 2002, Marine-Wendel and CGIP merge, and the new entity takes the name of WENDEL Investissement. The industry approach and focus of the management teams on long-term corporate development help give Wendel a strong, clearly-identified image.

2017

Wendel is one of Europe's leading listed investment firms, operating at the crossroads of industry and finance. Wendel is a long-term investor relying on permanent capital. For more than three centuries, Wendel has been supported by the Wendel family, its core shareholder group.

Message from the Chairman of the Executive Board

2016 will be remembered for the growth of our companies and the confirmation of our strategic orientations to internationalization, diversification and increased emphasis on unlisted investments.

We concentrated on integrating the new companies acquired in 2015 in Europe and the United States, focusing on the key issues for their growth and development, such as governance, digitalization, development in emerging countries, and CSR. Naturally, we have continued to support the external growth of our companies, which carried out 28 acquisitions, some of which were spectacular for their magnitude and their potential for value creation. Thus, by merging Allied Barton and Universal Services of America, we created Allied Universal, the North American leader in security services with $5 billion in revenue. We are extremely proud to have successfully completed a transaction of such quality only three years after setting up in New York. Similarly, Stahl recently announced a major new transaction with the acquisition of BASF's leather chemicals division, which will allow it to continue its remarkable value creation trend.

In Africa, we expanded and diversified our exposure from a sectoral point of view, entering commercial real estate through SGI Africa and acquiring Tsebo, the pan-African leader of corporate services. These two new investments were the first in multi-country companies and with prestigious partners.

As for our listed companies, which now represent 50% of our assets, like the unlisted companies, we have started to write the last chapter of our Saint-Gobain story by reducing our investment to 6.5%. We fully support management's promising strategy, and we are pleased to see the construction markets rebound and the automotive glass and high-performance materials businesses perform well.

2016 was a delicate year for Bureau Veritas, which

continued to suffer from various concurrent negative cycles and had to revise its growth forecasts even though its profitability remained excellent. Corporate governance was recast, with both Wendel and the independent directors reinforcing their positions, and we are actively working with management to help Bureau Veritas return to steady and sustainable growth, especially in China and the United States, and take full advantage of the opportunities presented by digitalization.

> "Our role of long-term investor is essential in a world full of changes"

Our international expansion and the growth of our portfolio went hand in hand with our financial discipline. We strengthened Wendel's financial situation by bringing our net debt well below 3 billion, to €2.04 billion, and by posting a loan-to-value ratio of 21.1% on March 10, 2017. Our role of long-term investor is essential in a world full of changes and sensitive to increased short-term fluctuations. Having achieved all our 2013-16 objectives 18 months early, we will continue Wendel's development over the next four years, resolutely focused on international growth and diversification. While remaining cautious and alert to market conditions, our desire is to invest €3-4 billion in unlisted companies in regions that we know, possibly involving, on a case by case basis, partners who share our vision of the investments concerned and who have the ability to finance €500-1,000 million. Our 2017-20 plan is therefore to continue to provide, on average, a double-digit rate of return for our shareholders and to pay an increasing dividend, year after year.

FRÉDÉRIC LEMOINE
Chairman of the Executive Board,
April 11, 2017

2017-2020 OBJECTIVES

INVESTMENT

If Wendel invests **€3-4 billion**, depending on market conditions, in Europe, Africa, North America and Southeast Asia in unlisted companies with exposure to major trends, **€500-1,000 million could come from partners** who share our vision of the proposed investments. Wendel also contemplates investing alone.

DEVELOPMENT AND CRYSTALLIZATION OF VALUE

Long-term development of our portfolio companies Bureau Veritas, Stahl, IHS, Constantia Flexibles and Allied Universal.

Oversee and accelerate the digitalization of our portfolio.

Manage portfolio turnover: seize opportunities for IPOs, asset sales, partnerships and reinvestment.

DOUBLE-DIGIT TSR
UNLISTED ~50%
NET DEBT < 3MD€
CASH FLOW > 0

VALUE CREATION FOR SHAREHOLDERS

Continue to produce double-digit TSR(1), **raise the dividend every year** (in line with TSR target), and continue a regular, opportunistic policy of share buybacks whenever the discount exceeds 20%.

PRUDENCE

Keep debt under strict control and at a much lower level than in the past, build a balanced portfolio of listed and unlisted assets, and aim for positive average cash flow(2) at the holding company level for the 2017–20 period.

(1) Average total shareholder return for the 2017–20 period with dividends reinvested, calculated on the basis of the average share price in the second half of 2016. (2) Average cash flow for the period 2017–2020 = dividends received – financing costs – general expenses + management fees.

Investment philosophy

Wendel invests for the long term as the majority or leading shareholder chiefly in unlisted companies that are leaders in their markets, in order to boost their growth and development.

WHICH INVESTMENTS?

THE WENDEL GROUP'S INVESTMENT MODEL IS FOCUSED MAINLY ON COMPANIES COMBINING AS MANY OF THE FOLLOWING CHARACTERISTICS AS POSSIBLE:

MODERATE LEVERAGE

Non-recourse debt at the group company level, depending on the company's growth profile and cash flow.

GOVERNANCE

- Balanced governance mechanisms that enable us to assume our role as active shareholder while avoiding micromanagement.
- Experienced, high-quality management teams with whom we share a common vision.
- Co-investment mechanisms that align our interests with those of shareholders.

GEOGRAPHIC AREAS

Unlisted companies in Europe, North America, Africa and Southeast Asia with a strong international presence or an international growth strategy.

GROWTH & TRANSFORMATION

Unlisted companies offer high potential for long-term profitable growth, through both organic growth and accretive acquisitions.

TARGET SIZE

In Europe, North America and Africa, initial equity investments of between €200 million and €500 million, with possibilities for further reinvestment over time to support organic or external growth. Oranje-Nassau Développement, established by Wendel in 2011 as a means for seizing opportunities for strong growth, diversification and innovation, invests mainly in Africa and Southeast Asia. Investments are less than €200 million.

EXPOSURE TO LONG-TERM TRENDS

Markets in areas with strong growth and/or long-term economic trends, such as: demographic changes, urbanization, sustainable growth, safety and security, digitalization, etc.

Corporate social responsibility

Wendel believes that corporate social responsibility (CSR) drives growth for companies. Through its long-term involvement, Wendel encourages its companies to practice corporate social responsibility and has also defined a CSR policy appropriate for its role as investor. The policy is applied by a tight-knit team of professionals.

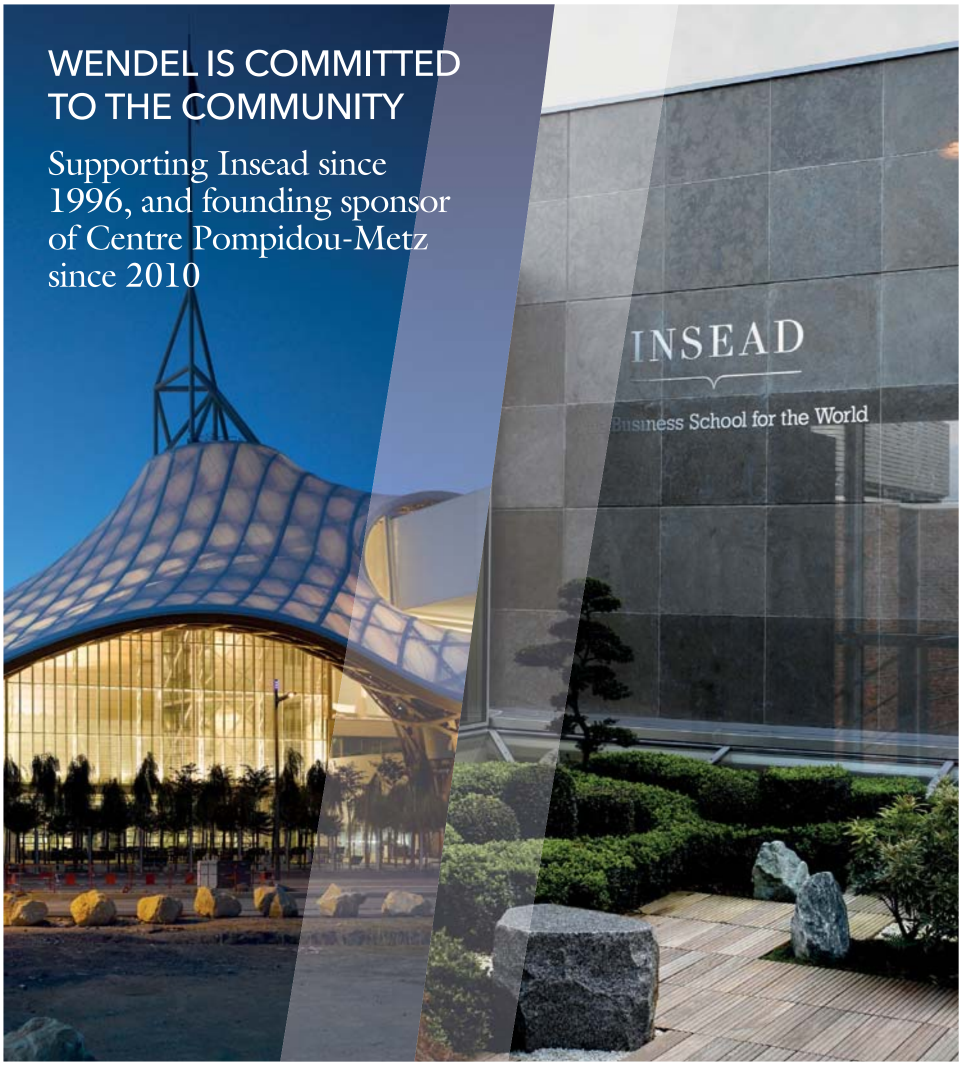
CSR in Wendel's activities

Wendel's activity has little impact on the **environment**. Nevertheless, Wendel sets an example by ensuring that it limits negative impact by implementing **best practices** for managing waste, limiting paper use and **saving energy.**

A **code of ethics** embodies the Company's values and is applicable to all of Wendel's employees and executives. The code of ethics underpins Wendel's actions as a **long-term investor**. Its purpose is to address new **compliance issues**, to promote a **respectful** working environment in terms of diversity and equality, to ensure transparency and access to information, and to affirm **Wendel's commitment** to the community.

WENDEL IS COMMITTED TO THE COMMUNITY

Supporting Insead since 1996, and founding sponsor of Centre Pompidou-Metz since 2010



CSR IN WENDEL SUBSIDIARIES

As a shareholder, Wendel assesses CSR opportunities at every phase of the investment life cycle:

- at the time of acquisition, through social and environmental procedures;
- when supporting companies over the long term.

OUR PRINCIPLES

- Local managers of subsidiaries assume responsibility for the CSR policy.
- Each subsidiary develops a CSR policy that reflects the challenges specific to the subsidiary.
- Wendel encourages subsidiaries in two areas especially:
  - safety in the workplace;
  - environmental issues related to the design of their products and services.

Each company in which Wendel is a majority shareholder is required to publish an annual CSR report that is reviewed by an independent third party.

The Supervisory Board

The Supervisory Board exercises permanent oversight of the Executive Board's management of Wendel. The Supervisory Board currently has 12 members, including one employee representative. A Works Council representative also attends Board meetings in a consultative role. The term of appointment for members is four years.

1
FRANÇOIS DE WENDEL
Chairman of the Supervisory Board

2
DOMINIQUE HÉRIARD DUBREUIL
Vice-Chairwoman of the Supervisory Board
Chairwoman of the Governance Committee
Independent Member

3
LAURENT BURELLE
Independent Member

4
BÉNÉDICTE COSTE

5
ÉDOUARD DE L'ESPÉE

6
PRISCILLA DE MOUSTIER

7
CHRISTIAN VAN ZELLER D'OOSTHOVE

8
GERVAIS PELLISSIER
Independent Member

9
FABIENNE PORQUIER
Member of the Supervisory Board, Employee Representative

10
GUYLAINE SAUCIER
Chairwoman of the Audit Committee
Independent Member

11
JACQUELINE TAMMENOMS BAKKER
Independent Member

12
HUMBERT DE WENDEL

13
NICHOLAS FERGUSON
New member proposed to shareholders at the General Meeting of May 18, 2017

14
NICOLAS VER HULST
New member proposed to shareholders at the General Meeting of May 18, 2017

The Executive Board

The Supervisory Board appoints members of the Executive Board for four-year terms. It is assisted by two committees: the Management Committee, which oversees Wendel's operations, and the Investment Committee, which examines investment proposals selected on the basis of the investment team's prior analysis. Aided by recommendations of the Investment Committee, the Executive Board makes decisions that are presented to the Supervisory Board. The terms of Frédéric Lemoine and Bernard Gautier were renewed for a period of four years, as from April 7, 2017.

FRÉDÉRIC LEMOINE

Chairman of the Executive Board

Appointed to the Executive Board in 2009 after nine months on the Supervisory Board, he previously served as Chairman of the Supervisory Board of Areva and Senior Advisor at McKinsey. Prior to that he was CFO of Capgemini, and then deputy General Secretary to French President Jacques Chirac. He began his career as a finance inspector before directing a hospital in Vietnam and participating in hospital reform in two government ministries. He holds a law degree and is a graduate of HEC, IEP Paris, and ENA.

BERNARD GAUTIER

Member of the Executive Board

Bernard Gautier joined Wendel in 2003. Previously he was General Partner for the Atlas Venture funds, heading their Paris office. He began his career by creating a media company. He then spent 20 years in organization and strategy, first employed as a consultant by Accenture, in the media and services sector, then by Bain & Co., where he became a Senior Partner. He is a graduate of the École Supérieure d'Électricité.

Portfolio Structure

42.6%[1]

UNLISTED ASSETS

IHS Towers of strength
Constantia Flexibles
cromology
stahl
AlliedUniversal

Oranje-Nassau Développement
+ other assets

MECATHERM
CSP Technologies
tsebo
SAHAM
NOP
SGI AFRICA
exceet

29.7%[1]

CERTIFICATION AND VERIFICATION

41.2% of capital held by Wendel

€398 million invested by Wendel since January 1995

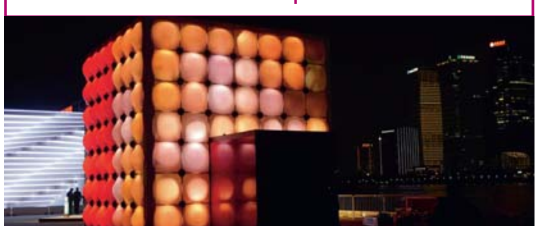
14.8%[1]

PRODUCTION, TRANSFORMATION AND DISTRIBUTION OF BUILDING MATERIALS

SAINT-GOBAIN

6.5% of capital held by Wendel

€2.3 billion invested by Wendel since September 2007



CASH[2]

12.9%[1]

2016 sales, percent interest as of December 31, 2016 and equity invested by Wendel for the stake held as of December 31, 2016.
(1) Percentage of gross asset value calculated on the basis of NAV as of March 10, 2017.
(2) Cash and financial investments of Wendel and its holding companies.

Focus on unlisted assets

PRINCIPAL INVESTMENTS

MOBILE TELEPHONE INFRASTRUCTURE IN AFRICA

IHS

Percentage ownership: 21.4%*

$826 million* invested since March 2013

FLEXIBLE PACKAGING AND LABELS

Constantia

Percentage ownership: 60.5%*

€565 million* invested since March 2015

DECORATIVE PAINTS

Cromology

Percentage ownership: 87.3%*

€399 million* invested since February 2006

HIGH-PERFORMANCE COATINGS AND LEATHER-FINISHING PRODUCTS

Stahl

Percentage ownership: 75.3%*

€171 million* invested since June 2006

SECURITY SERVICES

AlliedUniversal

Percentage ownership: 33.2%*

$300 million* invested since December 2015

ORANJE-NASSAU DÉVELOPPEMENT

Created by Wendel in early 2011 as a means for seizing opportunities for growth, diversification and innovation.

CORPORATE SERVICES

tsebo

Percentage ownership: 65%*

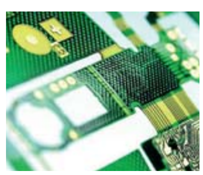
€159 million* invested in January 2017

HIGH-PERFORMANCE PLASTICS PACKAGING

CSP Technologies

Percentage ownership: 98.3%*

$228 million* invested since 2015



DESIGN OF EMBEDDED SYSTEMS

exceet

Percentage ownership: 28.4%*

€50 million* invested since 2010

INDUSTRIAL BAKERY EQUIPMENT

MECATHERM

Percentage ownership: 98.6%*

€117 million* invested since 2011

MULTISERVICE INSURANCE GROUP IN AFRICA

SAHAM

Percentage ownership: 13.3%*

€100 million* invested in 2013

JAPANESE MANUFACTURER OF TROCHOID PUMPS AND HYDRAULIC MOTORS

NOP

Percentage ownership: 97.7%*

¥3.3 billion* invested in 2013

SHOPPING CENTERS IN AFRICA

SGI AFRICA

Percentage ownership: 40%*

€25 million* invested in 2016

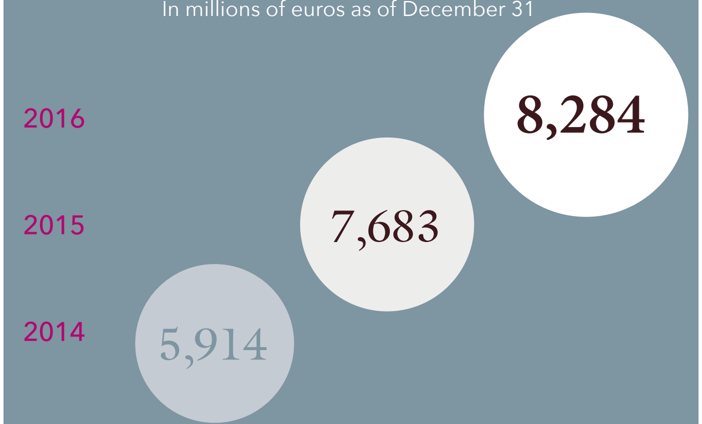
*Share of equity owned by Wendel and capital invested as of December 31, 2016, except for IHS (as of March 10, 2017) and Tsebo, whose acquisition was completed on January 31, 2017. Percent interest in Stahl before integration of BASF's leather-chemicals business.

Key Figures

After achieving all 2013-16 objectives 18 months in advance, for Wendel 2016 was the year of the development of unlisted assets and the confirmation of its strategic orientations for the 2017-20 period. The Group expanded and diversified its exposure to African growth through its first investment in African commercial property, and by completing in February 2017 the acquisition of Tsebo, the pan-African leader in corporate services.

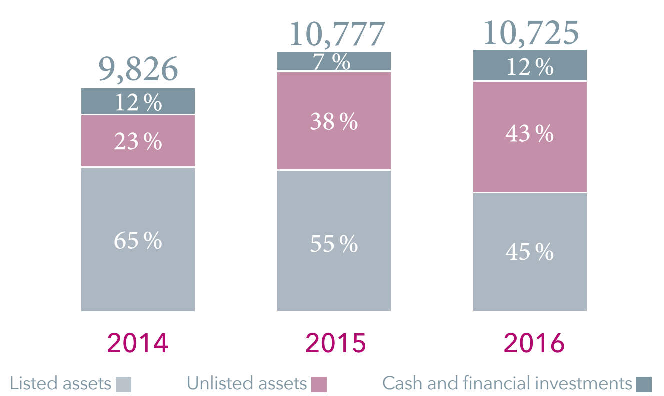
CONSOLIDATED NET SALES

In millions of euros as of December 31



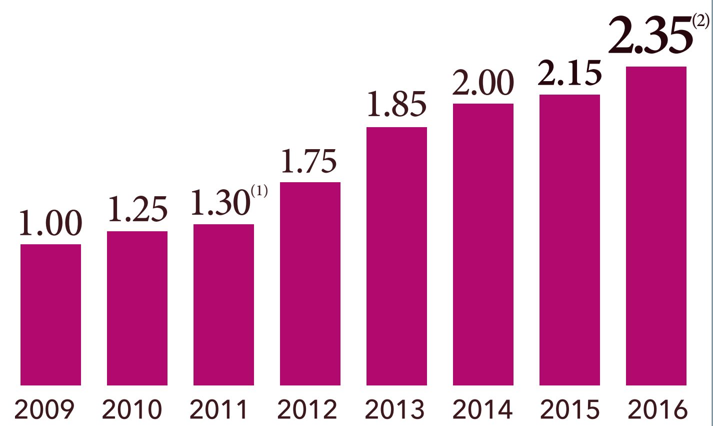
GROSS ASSETS UNDER MANAGEMENT

In millions of euros as of December 31



DIVIDEND

Ordinary dividend, in euros per share



(1) The 2011 ordinary dividend included an exceptional distribution of 1 Legrand share for every 50 Wendel shares held.
(2) The 2016 dividend is subject to shareholder approval at the Annual Shareholders' Meeting on May 18, 2017.

NET INCOME FROM BUSINESS SECTORS

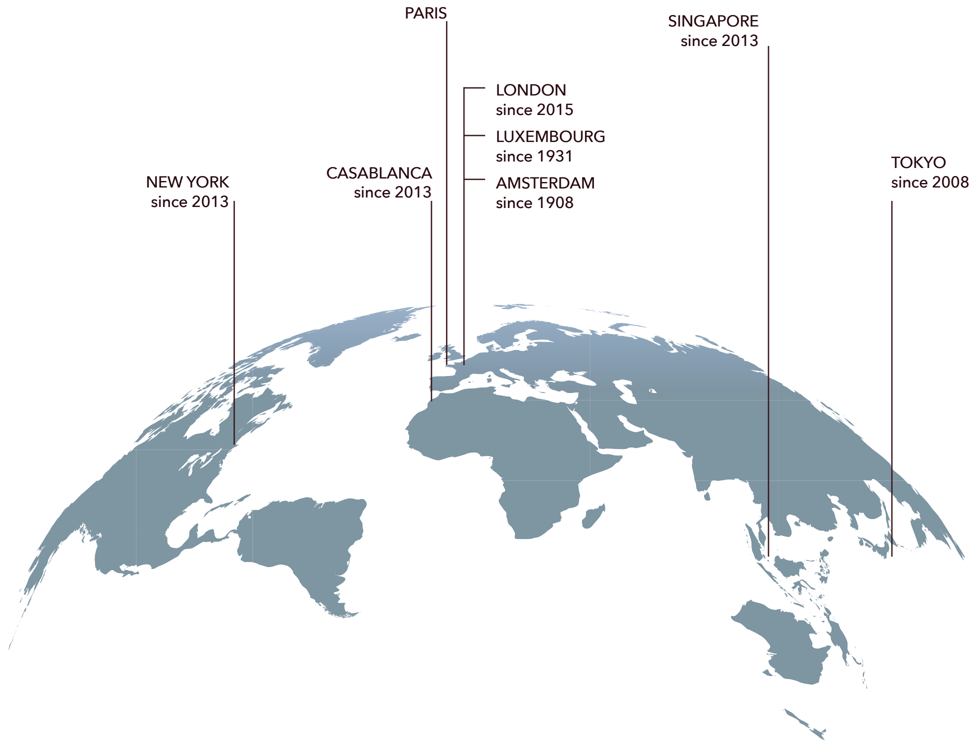
In millions of euros as of December 31 – Definition note 6, chapter 5

	TOTAL	GROUP SHARE
2016	517	199
2015	462	158
2014	373	155

NET ASSET VALUE

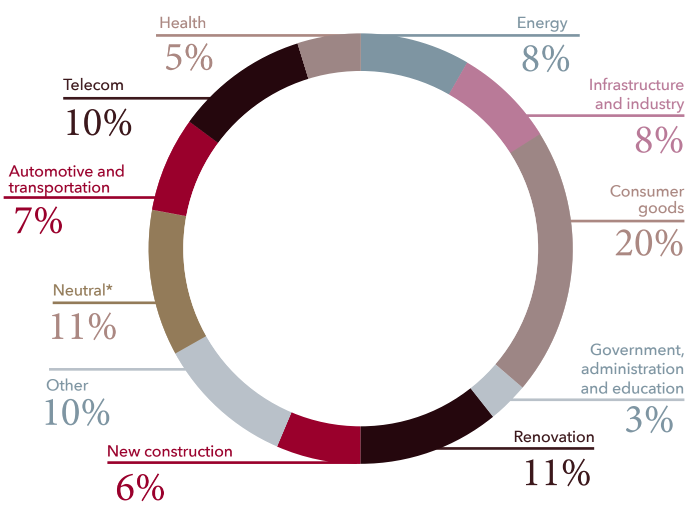
In euros per share as of December 31

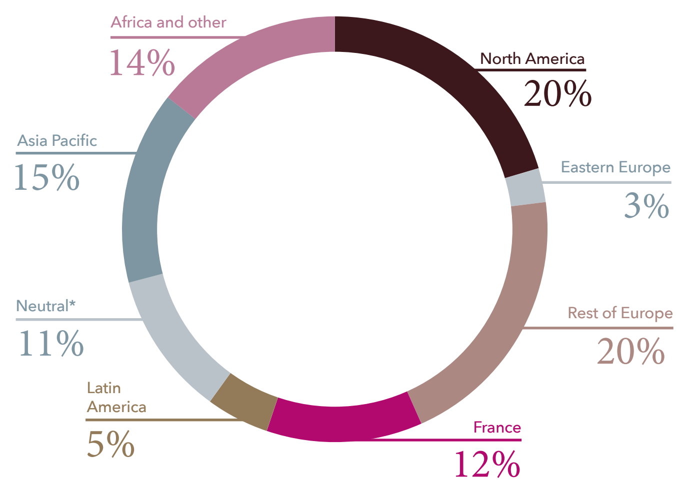
2016	153.9
2015	136.4
2014	123.2



INDUSTRY AND GEOGRAPHIC DIVERSIFICATION

Enterprise value exposure of Group companies, according to the breakdown of 2016 revenues.
Enterprise values are based on NAV calculations as of March 10, 2017.





*Neutral: cash and other diversified assets

RATINGS

On February 19, 2016, Standard & Poor's confirmed Wendel's long-term rating:
BBB- with stable outlook – Short term: A-3

1

GROUP PRESENTATION

1.1 Corporate history

The Wendel Group was founded in the Lorraine region in 1704. For 270 years, it developed its business in diverse 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 diversified international leaders (certification, building materials, high-performance coatings, business services, industrial bakery equipment, insurance and healthcare, telecom infrastructure, packaging, and security).

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. Between 1950 and 1973, it was at the height of its power. In 1975, it 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 et 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. In order to pursue its development, Wendel has opened five foreign offices since 2007 (Casablanca, London, New York, Singapore, and Tokyo).

1.2 Business

Wendel is one of Europe's leading investment companies in size, with more than €11 billion in assets under management at end-March 2017. 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 growth and shareholder value objectives. Wendel also has the special characteristic that it is a long-term investor with permanent capital and access to the capital markets. It is supported and controlled by Wendel-Participations, a stable family shareholder structure with more than 310 years of history in industry and 40 years of investment experience.

The investment team is composed of around 30 experienced professionals. The team members have varied and complementary profiles and include former consultants, company executives, investment bankers, a financial analyst, public service managers and operations managers from a broad array of industrial and service sectors. As such, they capitalize on their experience and the network of contacts they have developed during their professional career. The team thus has both in-depth industry knowledge and recognized financial expertise. Its business approach and strategy aim 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 and boosting productivity. An analytical team reviews each investment proposal and the enterprise's growth prospects. It then either rejects the proposal or undertakes a more in-depth study and presents it to the Investment Committee, composed of six Managing Directors, including the Chief Financial Officer and the two members of the Executive Board.

Global competitive landscape in 2016

As a professional investor, Wendel may face various competitors for its acquisitions, including private equity funds, sovereign wealth funds, pension funds, family offices, and in certain sectors, industry players. All of these entities are active in the investment universe (except for industry players) and they number in the thousands, typically focusing on medium-term investment horizons of 3-7 years - unlike Wendel, which takes a long-term approach - and making use of leverage. In 2016, stiff competition for the most attractive assets strengthened the position of sellers towards funds looking to place their investors' capital. Wendel's permanent capital sets it apart from private equity players. Nevertheless, new competitors have emerged targeting longer-term investments (sovereign funds, pension funds, and longer-term investment funds), affirming the appropriateness of Wendel's model.

In 2016, the high levels of capital to be invested and the strong performance of stock markets pushed up acquisition multiples, while the debt markets remained open, allowing purchasers to take advantage of historically low interest rates. No global data are available on the investment activities of all of the market participants mentioned above, but private equity funds, for which annual statistics are published, continued to crystallize portfolio value in 2016, with capital exits totaling $328 billion (down 23% compared to 2015, but nevertheless the fourth best year in the last 20), for an average holding period of 5.2 years. All exit routes were used, particularly sales to strategic investors. Despite growing market volatility, private equity has continued to produce rates of return above those offered by other asset classes.

1.3 Corporate governance

Wendel's Corporate governance is guided by the same principles as those upheld by the Group as a "shareholder of choice": transparent dialogue, the recognition that managers and shareholders are independent and fulfill different roles, shared responsibility, and individual engagement.

Wendel is an SE (*societas europaea*) with an Executive Board and Supervisory Board.

1.3.1 The Supervisory Board and its committees

1.3.1.1 The Supervisory Board

The Supervisory Board exercises permanent oversight of the Executive Board's management of Wendel. The Board's internal regulations set forth the rights and responsibilities of its members.

As of December 31, 2016, Wendel's Supervisory Board had 12 members: 11 members were appointed by shareholders at their Annual Meeting for four-year terms, of which five independent members, five women, and one member representing employees.

Fabienne Porquier, who represents employees on the Supervisory Board, has attended Board meetings since October 2015. A Works Council representative also attends Board meetings in a consultative role.

François de Wendel was the Chairman of the Supervisory Board. Under Article 13 of the by-laws, the Vice-Chairwoman, Dominique Hériard Dubreuil, fulfills the same functions and has the same powers as the Chairman in the event the Chairman is unable to carry out his duties or temporarily delegates his powers to her. She is appointed by the Supervisory Board.

François de Wendel's term was renewed at the Shareholders' Meeting held on June 1, 2016.

At their May 18, 2017 meeting, shareholders will be asked to renew the appointment of Laurent Burelle, Bénédicte Coste, Édouard de l'Espée, and Priscilla de Moustier. Shareholders will also be asked to approve the appointment of two new members, Nicholas Ferguson and Nicolas ver Hulst. Their biographies can be found in section 2.1.2.2 of this registration document. Finally, Christian d'Oosthove has expressed his wish to step down from the Board at the close of the Shareholders' Meeting of May 18, 2017.

The Supervisory Board members are (the dates in parentheses show the year in which the member's term ends):

François de Wendel (2020), Chairman of the Supervisory Board

Dominique Hériard Dubreuil (2018), independent director, Vice-Chairwoman of the Supervisory Board, and Chairwoman of the Governance Committee

Laurent Burelle (2017), independent director

Bénédicte Coste (2017)

Édouard de l'Espée (2017)

Priscilla de Moustier (2017)

Gervais Pellissier (2019), independent director

Fabienne Porquier (2018), member of the Supervisory Board representing employees

Guylaine Saucier (2018), independent director and Chairwoman of the Audit Committee

Jacqueline Tammenoms Bakker (2019), independent director

Humbert de Wendel (2019)

Christian van Zeller d'Oosthove (2018)

Secretary of the Supervisory Board:

Caroline Bertin Delacour

In 2016, the Supervisory Board met nine times.

1.3.1.2 The Supervisory Board Committees

To fulfill its mission as effectively as possible, the Supervisory Board relies on two committees: the Audit Committee and the Governance Committee.

The Chairman of each committee is also a member of the other committee. The Chairman of the Supervisory Board is invited to attend all committee meetings.

The Audit Committee

Wendel's Audit Committee audits the financial reporting process, ensures that internal control and risk management are effective and monitors the proper application of the accounting methods used in drawing up parent company and consolidated accounts. It verifies the independence of the Statutory Auditors.

An independent expert assists the Audit Committee in reviewing the net asset value finalized by the Executive Board.

The Audit Committee has six members:

Guylaine Saucier, Chairwoman

Dominique Hériard Dubreuil, Vice-Chairwoman of the Supervisory Board and Chairwoman of the Governance Committee

Bénédicte Coste

Édouard de l'Espée

Gervais Pellissier

Humbert de Wendel

Secretary of the Audit Committee:

Caroline Bertin Delacour

In 2016, the Audit Committee met six times.

The Governance Committee

Among the tasks of Wendel's Governance Committee are to propose or recommend procedures for compensating Executive Board members and to express a view on any issue pertaining to Company governance or the operation of its statutory bodies and, at the Board's request, to address any ethical issues.

The Governance Committee, which includes the functions attributed by the Afep-Medef Code to a Compensation Committee and an Appointments Committee, has five members:

Dominique Hériard Dubreuil, Chairwoman of the Governance Committee and Vice-Chairwoman of the Supervisory Board

Priscilla de Moustier

Guylaine Saucier, Chairwoman of the Audit Committee

Christian d'Oosthove

Jacqueline Tammenoms Bakker

Secretary of the Governance Committee:

Caroline Bertin Delacour

In 2016, the Governance Committee met eight times.

1.3.2 The Executive Board

The Supervisory Board appoints members of the Executive Board to four-year terms on the recommendation of its Chairman. The terms are renewable. The age limit for members of the Executive Board is 70.

The Executive Board has two members:

Frédéric Lemoine

Chairman since April 7, 2009

Bernard Gautier

Member since May 31, 2005

Secretary of the Executive Board: Christine Anglade Pirzadeh since June 2013.

The terms of the Executive Board members expire on April 6, 2021.

In 2016, the Executive Board met 24 times.

1.4 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, an Operations Coordination Committee meets every two weeks, ensuring smooth communication at all times within the international team of nearly 100 people across the Company's eight offices. The team is articulated around two key committees: the Investment Committee and the Management Committee.

1.4.1 The Investment Committee

Made up of the Executive Board members and six Managing Directors, including the Chief Financial Officer, the Investment Committee meets three times per month to work on the selection and preparation of the Group's investments. It examines plans to divest assets and regularly reviews the position of the Group's principal investments.

1.4.2 The Management Committee

The Management Committee meets every two weeks. It is composed of the members of the Executive Board, the Chief Financial Officer, the General Secretary, the Managing Director in charge of operating resources, the Tax Director, and the Director of Communication and Sustainable Development. It makes decisions regarding the organization and the Group's day-to-day operations.

1.4.3 The Coordination Committee

The Coordination Committee includes the members of the Executive Board and Wendel's principal managers from around the world. It meets twice a month. Its role is to act as a hub of cross-company information and sharing to ensure the free flow of information throughout the Company.

1.4.4 The General Secretariat

The General Secretariat is responsible for ensuring that Wendel's holding companies adhere to company law and laws governing market trading and Corporate governance, and that Wendel adheres to regulations on compliance, ethics, disputes and litigation, data protection and freedom of information, general liability insurance for corporate officers, professional liability insurance, and intellectual property.

1.4.5 Locations

Wendel has offices for its holding companies and service activities. The oldest locations are in France (since 1704), the Netherlands (since 1908), and Luxembourg (since 1931). In 2008, Wendel opened offices in Japan (Tokyo). In 2013, the Group continued its international expansion, establishing a presence in New York and Singapore. In 2013, to support the two investments it had already made in Africa, Wendel opened an office in Casablanca. In 2015, Wendel opened an office in London in order 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.

Europe

Paris

Wendel's head office is located in the ninth arrondissement of Paris, at 89 rue Taitbout. For many years, this area of the capital was home to France's large steel-making families, and the Hôtel Wendel can be found on rue de Clichy. The Paris office is home to the Group's corporate teams and part of the investment team.

Amsterdam

Oranje-Nassau, a Dutch coal mining company founded in 1893, was acquired by Wendel in 1908. In 1974 it became an investment company, first specializing in the energy and real estate sectors and now focusing on unlisted companies. Launched in 2011, Oranje-Nassau Développement invests in growth, diversification, and innovation opportunities.

Luxembourg

Wendel has been present in Luxembourg since 1931 through Trief Corporation. The company holds Wendel's stakes in its main listed portfolio companies as well as in unlisted companies, which are held through Luxembourg regulated investment vehicles. Their management is assigned to a Luxembourg company, Winvest Conseil SA, which was approved as an alternative investment funds manager in mid-2015 (see section 2.2.3). The Group co-invests from Luxembourg with third-party partners in certain companies, such as IHS, Constantia Flexibles, or Tsebo. These various entities each have their own governance, including independent directors. Finally, the Group's Internal Audit Department, established in early 2016, completes Wendel's team in Luxembourg.

London

In 2015, Wendel opened an office in London in order 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.

North America

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. A year after the inauguration of Wendel North America, Wendel announced the acquisition of CSP Technologies, a company specialized in high-performance plastic packaging. The transaction was finalized on January 30, 2015. In June 2015, Wendel announced its second investment in North America with the acquisition of AlliedBarton Security Services, which became the leading security services company in North America after its merger with Universal Services of America in August 2016.

Africa

Casablanca

Africa is the world's fastest-growing continent, averaging more than 5% annual growth for the past ten years. Wendel has decided to invest in this region and started at the end of 2012 by becoming the biggest shareholder in IHS, the region's leading provider of telecom infrastructure. Wendel subsequently acquired, via Oranje-Nassau Développement, stakes in the following companies: in late 2013 in Saham Group, Africa's largest insurer (excluding South Africa) with diversified activities in fast-growing sectors such as customer service centers, healthcare, and real estate; in July 2016 in SGI Africa, which develops and operates shopping centers in West and Central Africa; and in early 2017 in Tsebo, the pan-African leader in corporate services.

Asia

Wendel began to lay the groundwork for long-term investing in Asia back in 2008. The main objective for Wendel's offices in Asia is to help Group companies develop in this region. In the longer term, the aim is to establish Wendel there as a long-term investor.

Singapore

Wendel Singapore assists Group companies in their development and serves as a point of contact for the Wendel Group. This entity drives investment research in Southeast Asia, particularly in Indonesia, Malaysia, Singapore, and Vietnam.

Tokyo

Wendel Japan advises Group companies on their business development and acquisition plans in Japan, while monitoring investment opportunities for Wendel. Wendel made its first investment in Japan in 2013, acquiring Nippon Oil Pump.

1.4.6 Teams

■ Investment Committee

♦ Management Committee

✶ Coordination Committee

Wendel's team leaders and principal members

Frédéric Lemoine ■ ♦ ✶

Chairman of the Executive Board

Appointed President of the Executive Board in 2009 after nine months on the Supervisory Board, he previously served as Chairman of the Areva Supervisory Board and Senior Advisor at McKinsey. Prior to that, he was Group VP in charge of Finance for Capgemini and then deputy General Secretary to French President Jacques Chirac. He began his career as a finance inspector before directing a hospital in Vietnam and participating in hospital reform in two government ministries. He is a graduate of HEC, IEP Paris, and ENA and holds a law degree.

Bernard Gautier ■ ♦ ✶

Member of the Executive Board

Bernard Gautier joined Wendel in 2003. Previously, he was General Partner for the Atlas Venture funds, heading their Paris office. He began his career by creating a media company. He then spent 20 years in organization and strategy consulting, first employed as a consultant by Accenture, in the media and services sector, and then by Bain & Co., where he became a Senior Partner. He is an alumnus of the École supérieure d'électricité.

Olivier Allot ✶

Director of Financial Communication

Olivier Allot joined Wendel in 2007 as Deputy Head of Investor Relations. 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 holds a Master's degree in Management and Administration and another in Banking, Finance, and Insurance from the Sorbonne (Université Paris I), in addition to SFAF and CEFA diplomas for financial analysts.

Christine Anglade Pirzadeh ♦ ✶

Director of Communications and Sustainable Development, Secretary of 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.

Stéphane Bacquaert ■ ✶

Managing Director, CEO of Wendel Africa

Stéphane Bacquaert joined Wendel in 2005. He held previous positions as a Partner of Atlas Venture, a consultant for Bain & Co., and the CEO of NetsCapital, a merchant bank specializing in Technology, Media, and Telecommunications. He is a graduate of École Centrale Paris and IEP Paris and holds an MBA from Harvard Business School.

Caroline Bertin Delacour ♦ ✶

General Secretary and Ethics 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 ✶

Senior Director

Stephanie Besnier joined Wendel in 2007. She was previously an analyst at BNP Paribas in London from 2001-02. From 2003 she worked in the Treasury department of the French Ministry of Finances, where she was in charge of Latin American countries. 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.

David Darmon ✶ ■

Managing Director, CEO of Wendel North America

David Darmon joined Wendel in 2005. He was previously a Director of Apax Partners, where he specialized for six years in LBO transactions, particularly in the TMT and retail sectors. He began his career in M&A at Goldman Sachs in London. He is a graduate of Essec and holds an MBA from Insead. He has headed the New York office since January 1, 2013.

Marie-Hélène Dorat ✶

Director of Human Resources

Marie-Hélène Dorat joined Wendel in February 2009 as Compensation and Benefits Manager. In June 2010, she took on the role of Human Resources Manager. Prior to Wendel, she worked for 15 years in various fields of finance. In 1997, she moved into Human Resources, first at Crédit Agricole Indosuez and then in different well-known consulting firms, including Hewitt and Right Management. She is a graduate of ESC Rouen.

Benoit Drillaud ✶

Deputy CFO

Benoit 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 I Panthéon-Sorbonne.

Claude Ehlinger ■ ✶

Managing Director, CEO of Oranje-Nassau Groep

Claude Ehlinger joined Wendel in 2016 as Managing Director, Member of the Investment Committee, and CEO of Oranje-Nassau Groep. He is based between London and Amsterdam and pursues investment opportunities throughout Western Europe, particularly in the Benelux. He was previously deputy CEO of Louis Dreyfus Company, which he joined in July 2007 as Chief Financial Officer for the Group. He is a graduate of HEC.

Bruno Fritsch ✶

Managing Director, CEO of Wendel Singapore

Bruno Fritsch joined Wendel in 2007 and is in charge of developing the Group's activities in the Asia-Pacific region. After beginning his career at L'Oréal, he worked as a consultant at Bain & Company, where he carried out commercial due diligence assignments on behalf of investment funds in Europe and the United States. He was also responsible for strategy and operational efficiency, in particular in the Technology-Media-Telecoms sector. He then worked in business development as Vice-President of Asian Business Bridge, an SME development accelerator in Asia. In this capacity, he created two mobile telephone and internet advertising companies in Hong Kong and Shanghai. He was Secretary of Wendel's Executive Board from 2009 to 2013. He is a graduate of Essec and holds an MBA from the Rotterdam School of Economics.

Jean-Yves Hemery ✶

Oranje-Nassau International Delegate

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.

Stéphane Heuzé ✶

Senior Director

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 Ecole des Mines de Paris and holds an MBA from Harvard Business School.

Makoto Kawada ✶

Managing Director, in charge of business development in Japan, CEO of Wendel Japan

Kawada San joined Wendel in 2008. He gained experience in cross-border M&A and project finance with Fuji Bank (now Mizuho) in Japan, where he began his career in 1984. After a period at the IFC (International Finance Corporation, a member of the World Bank Group) in Washington, D.C., he joined Basic Capital Management in 2003, taking over as CEO from 2005 to 2008. He holds an MBA from Wharton and a degree in Economics from Waseda University.

Roland Lienau ■ ✶

Managing Director, CEO of Wendel London, Head of development in northern Europe

Roland Lienau joined Wendel in 2008. He has acquired over 20 years of experience in primary and secondary capital markets in Germany. Previously, he was in charge of capital markets for Deutsche Bank in Frankfurt after holding positions at Enskilda Securities, Enskilda Effekten and, later, Paribas, where he was in charge of equity and bond markets. He is a graduate of ESCP Europe.

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.

Jérôme Michiels ■ ♦ ✶

Chief Financial Officer

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. He is a graduate of HEC. After ten years on the investment team, he took over the responsibility for Wendel's Finance department in October 2015.

Adam Reinmann ✶

Managing Director, Wendel North America

Adam Reinmann joined Wendel in 2013. With an MBA from Columbia Business School and a BS from Binghamton University, he began his career in the JPMorgan Group. Before joining Wendel, he worked for Onex, a leading Canadian investment company. 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.

Aziz Sedrati ✶

IT and General Resources Director

Aziz Sedrati joined the Group in 1994 as IT Manager and Senior Accountant of Marine-Wendel, before becoming Registered Securities Manager at WENDEL Investissement. He has been IT and General Resources Manager since 2010 and is also Secretary of the Company's Works Council. He holds a university and technical degree in computer science, a Master's in applied computer science in the corporate environment, and a diploma in accounting and financial studies (DECF).

Patrick Tanguy ■ ♦ ✶

Managing Director, in charge of operational resources, Head of development in France, Southern Europe, and Southeast Asia.

Before joining Wendel in 2007, Patrick Tanguy held senior executive responsibilities in several industrial groups, serving consecutively as Head of Sales and Marketing for Steelcase-Strafor; CEO of Airborne, a subsidiary of that group; CEO and then Chairman of Dafsa; and head of Technal, Monne-Decroix and Prezioso Technilor. He began his career at Bain & Co. in 1984, where he was appointed Partner in 1990. He is a graduate of HEC. As the person in charge of operational support, he supervises Wendel's operational resources and helps Group subsidiaries to improve their organizational and operational processes.

Félicie Thion de la Chaume ✶

Senior Director

Félicie Thion de la Chaume is a graduate of ESCP Europe and started her career at Goldman Sachs on the firm's French M&A team between 2003 to 2006. In 2007, she then joined the Wendel Paris Investment team as an Associate.

Since then, she has been involved in many transactions including the sale of Deutsch, the IPO of Helikos (SPAC), the investment in Saham, and the development of Stahl. She has been a director of Stahl since 2013.

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.

1.5 Investment model and business development strategy

Wendel's know-how consists in selecting leading companies, making a long-term investment, and helping to define ambitious strategies, while implementing a clear, explicit shareholder approach. To successfully execute its long-term investment strategy, Wendel has several strengths: a stable, family shareholder base, permanent capital, 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, and Deutsch.

1.5.1 Active partnering with portfolio companies

Wendel's investment and business development strategy is based on close communications 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 and technical 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. Since the start of 2013, and as of the date this registration document was filed, Wendel has invested €2 billion, in accordance with its 2013-16 plan.

Wendel is represented in the Boards of Directors and key committees – audit, governance, 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.

1.5.2 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 our participation on the boards of directors and key committees of the companies in which we have 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.

1.5.3 Seeking diversified investments

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 properly develop a diversified portfolio of companies and to make new investments in unlisted companies.

1.5.3.1 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 unlisted companies with as many of the following characteristics as possible:

- 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 15-20 years in certain cases;
- located in countries that are well known to Wendel, based in particular in Europe, North America, and Africa;
- strong international exposure or an international growth strategy;
- ideally representing an initial investment of between €200-500 million. Oranje-Nassau Développement will be involved for investments of less than €200 million, principally in Africa and Southeast Asia;
- led by high-quality, experienced management teams with which Wendel shares a common vision;
- first or second in their market;
- 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.

Lastly, Wendel does not invest in sectors whose reputation would be detrimental to its image or values.

1.5.3.2 Oranje-Nassau Développement

Early in 2011, Wendel structured its organization to group opportunities for strong growth, diversification or innovation in Oranje-Nassau Développement.

Oranje-Nassau Développement makes investments of smaller individual amounts than those made directly by Wendel. Oranje-Nassau Développement has been very active since its creation in 2011. For a total invested equity of nearly €1 billion, it has acquired: Parcours, an independent specialist in long-term vehicle leasing to corporate customers, sold in May 2016; Mecatherm, the world leader in equipment for industrial bakeries; Nippon Oil Pump, Japan's leading manufacturer of trochoid pumps and hydraulic motors; and CSP Technologies, a company specialized in high-performance plastic packaging; as well as interests in exceet, the European leader in embedded intelligent electronic systems; in the Saham Group, a major pan-African provider in the insurance, healthcare, and customer service center sectors; in SGI Africa, which is developing a new generation of shopping centers across Africa; and in Tsebo, the pan-African leader in corporate services. Once these investments have grown significantly, they leave Oranje-Nassau Développement and are included among Wendel's main investments, as was the case for IHS in early 2014.

1.5.3.3 Acquisitions by Group companies

Growth by acquisition is an integral part of the development model of Wendel Group companies. Our companies made 28 acquisitions in 2016, 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 accretive acquisitions, in deploying their external growth strategy, and in arranging the required financing.

1.5.3.4 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 and Saint-Gobain), these mechanisms consist of stock-option and/or bonus share plans.

For unlisted subsidiaries (Cromology, Mecatherm, Stahl, IHS, NOP, CSP Technologies, Constantia Flexibles, Allied Universal, and Tsebo), the participation policy is based on a co-investment mechanism through which these executives may invest significant sums alongside Wendel. These systems are described in section 5.7, note 4 of this registration document.

1.5.4 Strategic orientations 2017-2020

Wendel achieved its 2013-16 strategic plan, which aimed among other things to invest €2 billion in Africa, North America, and Europe in top-tier, listed companies, 18 months ahead of schedule. Leveraging this success, Wendel will pursue its diversification and internationalization strategy, as well as its reorientation towards unlisted assets over the next four years, while improving its financial structure even further.

1.5.4.1 Continued investment in high-quality unlisted assets

If market conditions are favorable, Wendel may invest €3-4 billion in unlisted companies offering high potential for profitable growth and exposure to the major long-term growth trends. €500-1,000 million of this investment amount may come from other investors. On a case-by-case basis, and with a view to sharing risks and/or tapping into specific geographic and sectoral expertise, Wendel may look to partners that share its vision for the investments concerned to take part in its investments, which has been the case for numerous transactions in the past.

Wendel will primarily make equity investments of €200-500 million in North America, Europe, and Africa. Oranje-Nassau Développement will be active principally in Africa and Southeast Asia on investments of less than €200 million in fast-growing companies. Finally, at a marginal level, Wendel will seek to take advantage of opportunities to invest amounts less than €50 million i) in the debt of unlisted companies and ii) through Wendel Lab, an entity for accessing untapped sources of value creation (venture capital, portfolios of listed shares, social impact projects, etc.).

Ultimately, Wendel seeks to offer investors a portfolio of around 10 large assets, predominantly unlisted companies, at the Wendel level and other smaller companies at the level of Oranje-Nassau Développement. During this period, unlisted assets will represent around 50% of gross assets. Certain existing unlisted companies have the appropriate profile to be listed on a stock exchange in the next four years.

1.5.4.2 Development of Group companies to create value

Wendel will continue to emphasize the long-term growth of its companies, by actively encouraging them to make investments that drive organic growth and profitability and by providing support for their acquisitions. Wendel has also launched its Digital@Wendel initiative, so as to enable its companies to step up value creation through digitalization.

1.5.4.3 Prudent financial structure and improved cash flows

Wendel will now operate with net debt of significantly less than €3 billion on an ongoing basis. This level of debt, and of interest expense as a result, together with dividend upflow from listed and unlisted Group companies, will enable Wendel to target a positive average cash flow(1) over the 2017-20 period at the holding company level. In this way, Wendel intends to consolidate its investment grade rating.

1.5.4.4 Creating value for shareholders

Wendel aims to continue generating double-digit total shareholder return,(2) based on the average share price in the second half of 2016, to increase the dividends paid to shareholders every year, in accordance with our target average return to shareholders, and to repurchase shares, regularly and depending on opportunities, as soon as the discount exceeds 20%.

(1) Average cash flow over the 2017-20 period = dividends received - financing costs - operating expenses + management fees.
(2) Average total shareholder return over the 2017-20 period, dividends reinvested.

1.6 Corporate Social Responsibility (CSR)

Wendel believes that corporate social responsibility (CSR) drives growth for companies. Through its long-term action, Wendel encourages its companies to implement Corporate Social Responsibility practices. At the same time, it defines its own CSR policy that is adapted to its role of investor and applied by a core team of professionals. More detailed information related to sustainable development is provided in section 3 of this registration document.

1.6.1 Encouraging subsidiaries to integrate CSR

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 teams, that these companies gradually integrate CSR issues in their risk management and growth strategies.

The Sustainable Development department established by Wendel in 2011 coordinates initiatives in this area. It is guided by a 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 (as of 2016), the General Secretariat, the Communications and Sustainable Development department, and the Operational Resources (human resources, IT, and facilities management) department.

In 2015, Wendel adopted a Code of Ethics, approved by its Executive Board and reviewed by its Supervisory Board. This Code 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. It applies to all employees and executives of the Company.

As a shareholder, Wendel assesses CSR risks and opportunities at every phase of its investing life cycle:

- at the time of acquisition:

  When Wendel is considering an investment, it conducts due diligence on environmental and social issues as part of the overall risk analysis of the target company's business. For the AlliedBarton acquisition, given the nature of the company's business, particular attention was given to working conditions, compensation, and human resources in general;

- throughout the long-term support it provides to its companies:

  Although the management team in each Wendel Group company has direct responsibility for managing CSR issues, as a professional shareholder, Wendel monitors and encourages the CSR efforts of its subsidiaries and associated companies, especially in two areas: employee safety and the environmental performance of the products and services they design and distribute.

  - Wendel's management is particularly attentive to employee safety and health issues, which it considers priorities. Moreover, workplace safety indicators are often a proxy for how well the management team runs the Company. For example, at Cromology, the accident rate is a factor in determining its management's variable compensation. The rate has dropped by two-thirds between 2005 and 2016. At Wendel's request, Stahl's Board of Directors has also been tracking this indicator since 2006, when Stahl joined the Wendel Group. Stahl is a model for workplace safety, with an especially low accident frequency rate of less than 0.15%[1] for the fourth consecutive year. To enhance this high level of performance, Stahl initiated a two-year campaign to promote internal safety, with the goal of reducing the number of incidents within the company. Positive results of this campaign were already noticeable between 2015 and 2016.

  - Wendel's subsidiaries are gradually integrating environmental issues into the design of their products and services. With its solutions, Bureau Veritas helps customers continuously improve their operations in the areas of health and hygiene, safety and the environment. More than 80% of Stahl's products are now solvent-free. Cromology develops innovative products with new functions that are more resistant, and therefore better for the environment from a life-cycle perspective, and meet French "HQE" (High Environmental Quality) standards. Cromology achieved its goal of reducing the volatile organic compounds (VOC) emissions of its products in ten years. Nearly 90% of the paints in its product ranges are now water-based. Saint-Gobain's Corporate Social Responsibility (CSR) policy centers on four commitments: inventing sustainable buildings, limiting environmental impact, encouraging the professional growth of employees, and taking action for local development. Saint-Gobain participates actively in discussions on the energy efficiency of buildings and develops eco-innovative solutions to reduce the environmental impact of products used in construction, by

(1) Frequency rate is calculated as follows: (number of reported accidents with lost days higher than one day × 100,000)/(number of worked hours).

considering their whole life cycle, in new buildings as well as renovations. Saint-Gobain was also an official partner for the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 21), which resulted in a new international climate agreement applicable to all countries, with the goal of keeping global warming well below 1.5°C. Through this partnership, Saint-Gobain reiterated its commitment to environmental protection and affirmed its intention to become the leader in sustainable building. Moreover, Saint-Gobain is among the 100 Carbon Pricing "Champions of Caring for Climate", the Global Pact initiative that brings together companies ready to commit to internal carbon pricing verification.

Every Group subsidiary and associated company is expected to develop a CSR 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 associated companies") and are at different stages of maturity in implementing dedicated CSR policies and indicators. Wendel therefore considers that it would not be useful to produce consolidated CSR indicators to the extent that these figures would have no operational meaning.

The results of the checks and controls performed by the independent third-party verifier are communicated to the investment team. Based on the independent third-party verifier's recommendations, each company's priorities are determined and set out in an action plan.

Our listed companies – Saint-Gobain and Bureau Veritas – publish exhaustive sustainable development data in their annual and sustainable development reports, available on their websites. The CSR policies of Cromology, Constantia Flexibles, Stahl, Mecatherm, and CSP Technologies, of which Wendel is the majority shareholder, are reviewed by an independent third-party verifier, whose CSR report is published in this registration document.

1.6.2 Implementing a CSR approach adapted to a small investment team

Wendel offers its employees the best working environment possible and fosters everyone's career advancement. Developing the employability of its staff is one of Wendel's priorities. Wendel particularly encourages training, and almost 40% of the Group's employees received training in 2016.

1.6.3 Limited environmental footprint

Wendel's activities have little impact on the environment. Nevertheless, Wendel strives to limit any negative impacts arising from these activities. For example, environmental criteria are incorporated into the management of the building in Paris where Wendel's headquarters are located. In addition, the increasing use of videoconferencing and the development of IT and digital tools help to limit travel.

1.6.4 Helping the community

Wendel's commitment to the community is reflected in its support of projects in the higher education and cultural spheres. In addition to providing financial support spread over several years, Wendel contributes actively to the development of its partner institutions. In particular, Frédéric Lemoine represents the Group on the Boards of Directors of INSEAD and the Centre Pompidou-Metz.

Partner of INSEAD since 1996

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. Beginning in 2017, and for the second consecutive year, Insead was ranked #1 "Global MBA program" by the Financial Times. INSEAD is the first school with a one-year MBA program, in the history of the FT rankings, to take the top spot.

http://centres.insead.edu/family-enterprise/

Founding sponsor of Centre Pompidou-Metz

In addition, 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.

In recognition of its long-term patronage of the arts, the Minister of Culture awarded Wendel the distinction of *Grand Mécène de la Culture* on March 23, 2012.

www.centrepompidou-metz.fr

1.6.5 Wendel's Code of Ethics

Wendel's Executive Board adopted a Code of Ethics in 2015. This Code embodies the values of the Company and its employees and supplies the frame of reference for Wendel's 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. In February 2016, Wendel implemented its bribery prevention policy, which is one of the components of its compliance program; and in February 2017, it prepared its policy concerning international sanctions.

Note: Information related to Wendel's Code of Ethics is provided on page 144 of this registration document (section 3).

1.7 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.

1.7.1 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 more than 50% of its sales from high-growth countries.

Bureau Veritas in brief

Present in 140 countries	1,400 offices and laboratories	69,000 employees	Over 400,000 clients
€4,549 million in sales in 2016	€735 million in adjusted operating income(1)	Stake held by Wendel:(2) 41.2%	Amount invested(3) by Wendel: €398 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).
(2) Share of equity owned by Wendel as of December 31, 2016 net of treasury shares.
(3) Amount of equity invested by Wendel for the stake held as of December 31, 2016.

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 2016

2016 revenue totaled €4,549.2 million, a decrease of 1.8% compared with 2015.

Organic growth was -0.6% over the full year including -0.3% in the last quarter. This number reflects mixed performances by business with notably:

A 1.7-points positive contribution to Bureau Veritas's organic growth from the activities under the eight Growth Initiatives (€80m of incremental revenue). The Agri-Food, Building & Infrastructure, Opex, and Automotive initiatives put in strong growth, which contributed positively to the performances of the Commodities, Certification, Construction, IVS, and Consumer Products businesses.

A 1.9-point negative impact on the group's organic growth from declining commodities markets. This includes i) a 20% decline year-on-year for oil & gas activities dependent on new investments (capex; below 6% of revenue) and ii) a mid-single digit decline for upstream-related activities in the Metals & Minerals segment (now less than 4% of revenue) despite positive growth in the second-half of 2016 thanks to the rebound in Metallurgical testing.

Acquisitions growth was 2.0%, combining the contribution of the nine acquisitions finalized in 2015 and those made in 2016, supporting all the Growth Initiatives.

Currency fluctuations had a negative impact of 3.2%, mainly due to the depreciation of emerging countries' currencies but also the British pound against the euro.

Adjusted operating profit was €734.9 million. 2016 adjusted operating margin was down 55 basis points to 16.2% compared to 16.7% in 2015. The margin decrease is attributable to the impact of cyclical activities, namely oil & gas, Marine and GSIT (-40 bps all together), the scope effect (-10 bps) and the negative impact of currency changes (-20 bps). On the other hand, proactive cost management and the Excellence@BV program had a positive impact on the margin.

Free cash flow (available cash flow after tax, interest expenses and capex) totaled €362.5 million, below the record level of €462.1 million recorded in 2015.

At December 31, 2016, adjusted net financial debt was €1,996.4 million, i.e. 2.2x last-12-month EBITDA as defined in the calculation of banking covenants, compared with 2.02x at December 31, 2015.

A dividend of €0.55 per share, up 7.8%, will be proposed to Bureau Veritas's shareholders at the Shareholders' Meeting on May 16, 2017.

New strategy to enhance Bureau Veritas' growth profile, resilience, and profitability

In 2015, after conducting an in-depth analysis of the Testing, Inspection and Certification (TIC) market, Bureau Veritas defined its strategy to enhance its growth profile, resilience, and profitability in the medium to long term.

The strategy initially announced in October 2015 focused on eight Growth Initatives. One year through its strategic plan, Bureau Veritas conducted a full reassessment of its Growth Initiatives and has decided to focus its development efforts on five of these initiatives.

The strategy will now be based on:

- five of the Growth Initiatives that together represent around 30% of the group's revenue: Building & Infrastructure, Opex in the oil & gas, power & utilities, and chemicals sectors, Agri-Food, Automotive, and Smartworld;
- a focus on two key countries: the USA and China;
- four main levers: Human Resources, Key Account Management, Excellence@BV, and Digitalization.

Due to cyclical headwinds in some activities (oil & gas capex, upstream Metals & Minerals and Marine) since the plan started, Bureau Veritas now expects a one-year delay in the achievement of its initial ambition and is now pursuing the following medium-term targets:

- to return to a 5-7% organic revenue growth pace by 2020;
- to increase group revenue by ca. €1.5bn in 2020 vs. 2015,[1] equally balanced between organic growth and acquisitions;
- to achieve an adjusted operating margin above 17% by 2020; and
- to continuously generate high free cash flow.

(1) At initial plan exchange rates (as presented during the October 2015 Investor Days).

Targeted acquisitions supporting the Growth Initiatives

In 2016, the group completed nine acquisitions, representing €124 million in annualized revenue (or 2.7% of 2016 group revenue). The scope effect was €80.9 million in 2016. Bureau Veritas carried out a number of bolt-on acquisitions, simultaneously broadening its service offering to existing clients and gaining access to new ones in markets where the group already has a significant presence.

Positions were strengthened in the Building & Infrastructure market in the UK (HCD) and in China (Chongqing Liansheng), in Certification (Cepas), in Opex services for petrochemicals in the US (Summit), and in a wide range of high value-added services for the Marine & Offshore market (TMC, MAC).

Other acquisitions carried out in 2016 targeted markets where the group is currently building its platform. The acquisition of an automotive compliance assessment body in China (VEO) and of the leading provider of Agri-Food testing in Australia (DTS), complemented by a smaller, Agri-Food deal in Brazil (KMA) are further steps taken in this process.

In February 2017, Bureau Veritas finalized the acquisition of Shanghai Project Management, which further reinforces the group's position in the Building & Infrastructure market in China.

Outlook for development

Bureau Veritas expects the global macroeconomic environment to remain volatile in 2017, with persistent weakness in the oil & gas and shipping markets. Thanks to its diversified portfolio and the ramp-up of its Growth Initiatives, Bureau Veritas expects organic revenue growth to be slightly positive with acceleration in H2 – and an adjusted operating margin of circa 16%, amongst the highest in the TIC industry. The group also expects its cash flow generation to improve compared to 2016.

In millions of euros	2016	2015	Δ
Net sales	4,549.2	4,634.8	-1.8%
Adjusted operating income(1)	734.9	775.2	-5.2%
as a % of net sales	*16.2%*	*16.7%*	*-55 bps*
Attributable adjusted net income(2)	409.1	420.3	-2.7%
Adjusted net financial debt(3)	1,996.4	1,862.7	€+133.7 million

(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.

Top management

Didier Michaud-Daniel, CEO

Frédéric Lemoine, Chairman of the Board of Directors until March 8, 2017

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

Wendel's involvement(1)

Board of Directors: Frédéric Lemoine (Vice-Chairman), Stéphane Bacquaert, Stéphanie Besnier, Claude Ehlinger, Jean-Michel Ropert, Lucia Sinapi-Thomas (Capgemini executive)

Strategy Committee: Frédéric Lemoine (Chairman), Claude Ehlinger

Appointments and Compensation Committee: Claude Ehlinger

Audit and Risk Committee: Stéphanie Besnier, Lucia Sinapi-Thomas

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

(1) Composition of committees applicable after, and subject to, shareholder approval of resolutions relating to directors at the Annual Shareholder's Meeting on May 16, 2017.

1.7.2 Saint-Gobain

Saint-Gobain is building our future

Saint-Gobain is the European or global leader in each of its businesses. It designs, manufactures, and distributes construction materials with the ambition of offering innovative solutions to the basic challenges of our time – growth, energy savings, and environmental protection.

Saint-Gobain in brief

Present in 67 countries	More than 170,000 employees	No. 1 worldwide in high-performance materials and insulation	No. 2 worldwide in flat glass
€39.1 billion in sales in 2016	€1.40 billion in recurring net income(1)	Stake held by Wendel: 6.5%	Amount invested(2) by Wendel: €2.3 billion since 2007

(1) Excluding capital gains and losses on disposals, asset write-downs, and material non-recurring provisions.
(2) Amount of equity invested by Wendel for the stake held as of December 31, 2016.

Why did we invest in Saint-Gobain?

By offering solutions adapted to high-tech industrial applications and construction markets at varying stages of development, Saint-Gobain bases its growth on value-added segments. Saint-Gobain's priority is to focus on high-growth and high value-added markets in habitat and industry. Three pillars help drive its strategy:

- Innovative Materials (Flat Glass and High-Performance Materials) is the company's innovation driver, in particular due to its unique portfolio of materials and processes in the habitat and industrial markets. An increasing share of these solutions are co-developed with its customers;
- Construction Products offer differentiated interior and exterior building solutions. These markets are growing faster than GDP per capita in both mature and emerging economies. The leadership positions and strong brands of the Construction Products business ensure a global presence for Saint-Gobain and a strong foothold in high-growth markets;
- Building Distribution, with its deep knowledge of customer needs, provides an accelerator for the Habitat strategy. Through its well-recognized brands, it has detailed insight into the construction, renovation, and remodeling markets and how they are evolving.

Highlights of 2016

Saint-Gobain reported 2016 sales of €39,093 million, including a significant 2.9% negative currency impact due primarily to the depreciation of the pound sterling – and to a lesser extent Latin American currencies – against the euro. The negative 1.0% scope impact reflects the time-lag between the impact of disposals made to optimize the Building Distribution portfolio in late 2015/early 2016 and the acquisitions carried out mostly at the end of the period.

On a like-for-like basis, sales were up 2.6%, driven by volume growth in all Business Sectors and regions. Based on a constant number of working days (negative calendar effect in the second half), volumes continued to increase in the six months to December 31, at the same pace as the first half. Prices stabilized over the year, gaining 0.6% in the second half amid an uptick in inflation. Saint-Gobain's operating margin (operating income / sales) increased to 7.2% from 6.7% in 2015, with 7.4% for the second half (versus 6.9% in second-half 2015). In line with the group's objectives, it saw a further like-for-like increase in operating income, up 11.5% in the second half, bringing growth over the full year to 10.8%.

In 2016, Saint-Gobain's capital expenditure was €1.37 billion, in line with its objective; it made €270 million in cost savings (vs. 2015), exceeding its €250 million target.

Free cash flow jumped 29% to €1,258 million, in line with the group's operating performance. Operating working capital requirements remained at a good level of 28 days, despite a rise of 1.7 days' sales, after the record low of 2015.

Saint-Gobain continued to pursue its acquisitions strategy, representing close to €300 million in full-year sales.

Regarding the plan to acquire a controlling interest in Sika, the group is confident that SWH's rights will be restored.

Innovative Materials sales climbed 4.5% like-for-like over the year, in line with the first half. The operating margin for the Business Sector widened to 11.2% from 10.5%, driven by the rebound in Flat Glass and a good performance from HPM.

Construction Products (CP) reported 1.4% organic growth, including 1.1% in the second half. The operating margin improved, up to 9.3% from 8.5% despite the decline in Pipe.

Building Distribution reported 2.7% organic sales growth for the year, with 2.2% in the second half, slightly up on the first half based on a comparable number of working days. Trading in France benefited from the upturn in new-builds, while renovation stabilized at a low level in a still deflationary environment, including at the end of the year. Scandinavia confirmed its good momentum over the full year, as did Spain and the Netherlands. The UK has not shown signs of weakness since the Brexit vote and continued to advance in line with the first half. Germany enjoyed good growth, although momentum slowed in the second half. Brazil continued to suffer from the market downturn. The operating margin was 3.4% for the year vs. 3.2% in 2015 (4.0% in the second half compared to 3.8% in second-half 2015), impacted by the negative price effect which stabilized in the six months to December 31.

In line with its objectives, in 2016 Saint-Gobain bought back and later canceled around 11 million shares for €418 million, resulting in a decrease in the number of shares outstanding to 553.4 million shares at end-December 2016 (compared to 558.6 million shares at end-December 2015). The Board of Directors of Compagnie de Saint-Gobain has decided to recommend to the June 8, 2017 Shareholders' Meeting to pay in cash an increased dividend of €1.26 per share (vs. €1.24 in 2015), demonstrating a focus on shareholder returns in the context of the strong 2016 results and confidence looking ahead. This dividend represents 50% of recurring net income and a dividend yield of 2.85% based on the closing share price at December 30, 2016 (€44,255). The ex-dividend date has been set at June 12 and the dividend will be paid on June 14, 2017.

Finally, Wendel agreed to scale back its representation on the Board of Directors of Compagnie de Saint-Gobain to two seats beginning with the Shareholders' Meeting scheduled for June 8, 2017 from the three seats specified in the agreements in effect, in line with the objective to reduce the size of the Board, with which Wendel was strongly in favor.

Outlook for development

Saint-Gobain will continue to roll out its strategy for sustainable growth focusing on four strategic drivers:

1) **Balancing its activities to ensure that the group is resilient** by differentiating its investment according to geographic region and by strengthening Saint-Gobain's profile in high valued-added businesses and promising markets.
   - Saint-Gobain's development strategy is aimed at affording the group a global geographic presence, by increasing the non-Western Europe share of the industrial assets in its Innovative Materials and Construction Products Sectors so as to capture potential longer-term growth. Saint-Gobain will do this by i) strengthening its investments in Asia, the United States and in emerging countries and ii) controlling capital expenditures in developed countries by reducing the group's capital intensity (the ratio of industrial assets to annual sales) in those countries to between 27% and 29% by 2018.
   - Saint-Gobain pursues active management of its business activities, with targeted disposals to optimize the group's scope, local acquisitions to strengthen the Building Distribution Sector's profile in its primary markets, acquisitions to capture growth in fast-growing markets, and finally acquisitions to develop adjacent markets.
2) **Continuing the group's digital transformation.** The digital revolution is bringing about a dramatic change in Saint-Gobain's relations with its stakeholders, as well as in the ways that things are done within the group. As well as affecting the Sectors, digital technology is transforming the whole group: not only its interactions with customers, which are being shaped by the rapid expansion of e-commerce, and with suppliers, but also its internal organizational structure, with the advent of Industry 4.0 and the digitalization of human resources processes. The entire construction market is also undergoing profound change. Accordingly, Saint-Gobain is refreshing its product and service range to better adapt them to its customers' needs.
3) **Sustainable differentiation through innovation and R&D** is one of the key drivers for increasing the share of Saint-Gobain's sales represented by high value-added products and solutions. This approach specifically includes an ambitious marketing strategy as well as an R&D strategy that puts researchers in direct contact with customers to provide tailored solutions. Adopting an eco-innovation methodology, Saint-Gobain develops innovative solutions that have a better environmental and social impact. The group has defined two priority lines of action, in line with group policies and market expectations, for new sustainable solutions (health & well-being, energy & climate, water, circular economy).

4) **Building closer customer relations:** renewing the Saint-Gobain brand will enable the group to improve the ways it presents its offer to all of its customers, in a construction market where the end customer's voice is becoming more audible and where the boundary between professionals and private individuals is being blurred. In 2014, awareness of the brand among all construction industry participants had already significantly improved compared with the first survey in 2011 (an improvement in awareness of five percentage points, to 51%). The next brand awareness survey will take place in 2017.

Outlook for 2017

In 2017 Saint-Gobain should benefit from a gradual improvement in France, despite a still uncertain renovation market. Western Europe should deliver organic growth, despite less visibility in the UK. North America should continue to advance in construction markets, excluding the exceptional weather impacts of 2016, but will continue to face uncertainty in industry. Its businesses in Asia and emerging countries should deliver good growth. Saint-Gobain will continue its disciplined approach toward cash management and financial strength.

Specifically, the company will:

- keep its priority focus on sales prices amid an uptick in inflation;
- unlock additional savings of around €270 million (calculated on the 2016 cost base) thanks to its ongoing cost-cutting program;
- pursue its capital expenditure program (around €1,600 million in 2017) primarily targeting growth capex outside Western Europe and with a particular focus on productivity and digital transformation;
- renew its commitment to invest in R&D in order to support its differentiated, high value-added strategy;
- keep its priority focus on high free cash flow generation.

In 2017, the group will target a further like-for-like rise in operating income.

In millions of euros	2016	2015	Δ
Net sales	39,093	39,623	-1.3%
Operating income	2,818	2,636	+6.9%
as a % of net sales	*7.2%*	*6.7%*	*+50 bps*
Recurring net income from continuing activities[1]	1,398	1,165	+20.0%
Net financial debt of the consolidated group	5,644	4,797	€+847 million

(1) Recurring net income: net income (group share) from continuing activities excluding capital gains and losses on disposals, asset write-downs and material non-recurring provisions.

Top management

Pierre-André de Chalendar, Chairman and CEO

Wendel's involvement

Board of Directors: Frédéric Lemoine, Bernard Gautier until June 8, 2017, Gilles Schnepp (Chairman and CEO of Legrand)

Financial Statements Committee: Frédéric Lemoine until June 8, 2017, Gilles Schnepp from June 8, 2017

Nomination, Remuneration and Governance Committee: Bernard Gautier until June 8, 2017, Fédéric Lemoine from June 8, 2017

Strategy and CSR Committee: Frédéric Lemoine

For more information, please visit: *saint-gobain.com*

1.7.3 Cromology

Cromology innovates to drive growth

Cromology is a European leader in decorative paints. It has more than 15 brands recognized on their respective national markets.

Cromology in brief

Approx. 4,000 employees	9 R&D laboratories	No. 4 in Europe Present in 10 countries	No. 2 in France No. 1 in Italy
€737.3 million in sales in 2016	Adjusted EBITDA of €64.0 million in 2016(1)	Stake held by Wendel: 87.3%	Amount invested(2) by Wendel: €399 million since 2006

(1) EBITDA before goodwill allocation entries, management fees, and non-recurring items.
(2) Amount of equity invested by Wendel as of December 31, 2016, for the stake held at that date.

Why did we invest in Cromology?

Cromology (formerly Materis Paints) is one of Europe's leading manufacturers of decorative paint, a market valued at more than €10 billion.[1] No. 4 in Europe, Cromology designs, manufactures, sells, and distributes a wide range of decorative paint and technical products to professionals and consumers. 63% of its activity is in France, 29% in the rest of Europe, and 8% in emerging economies.

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 portfolio of high-end brands and a dense distribution network ensuring that it remains close to customers. Cromology has strong local brands in the top three of each of its markets (Tollens and Zolpan in France, Robbialac in Portugal, Max Meyer in Italy, Arcol in Morocco, and Colorin in Argentina). Another of Cromology's major strengths is that it generates 60% of its sales in its integrated distribution network of more than 400 stores. This network distributes Cromology products along with a select range of complementary products, such as tools or floor and wall coverings, to cater to the needs of a broad and diverse customer base. 28% of its sales come from independent retailers and 12% from large DIY stores. Cromology is also growing rapidly in the external thermal insulation sector. Furthermore, Cromology has adopted an aggressive innovation policy over the past decade: each year, around 25% of its sales have been achieved with products less than three years old.

Materis has refocused on the Paints business and rebranded as Cromology

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. Materis also carried out a refinancing transaction in the summer of 2014. On July 7, 2015, Materis Paints 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 enhance its customers' surroundings. By combining color with science, and bringing together the highest levels of technical and aesthetic expertise, Cromology turns professional painting into an art form.

Highlights of 2016

Cromology posted 2016 sales of €737.3 million, stable (0.0%) like-for-like compared with 2015. In total, sales declined by 1.9%, principally reflecting difficult market conditions in France and the devaluation of the Argentine peso. Excluding Argentina, growth totaled 0.7% over the full year.

Sales contracted in France by 0.5%, related to deflationary market conditions in France; this was offset by continued healthy growth in Southern Europe (1.3%) and in the rest of the world, except for Argentina. In Argentina, 2016 sales (5.0% of total sales) declined by 34.7% in euro terms owing to difficult economic conditions and especially to the devaluation of the peso.

(1) Size of the market on which Cromology operates.

Cromology's profitability also suffered from the situation in Argentina. Despite continued efforts to relaunch sales and keep a lid on costs, Cromology's EBITDA declined by 5.6% to €64.0 million, representing a margin of 8.7%. Excluding Argentina, 2016 EBITDA increased by 0.6% in 2016. Owing to strict control of working capital requirements, Cromology reduced net debt by €2.3 million, and as of end-December 2016 its ratio of net debt to EBITDA was 3.8.

Finally, in 2016 Cromology returned to its acquisition strategy, buying the Natec brand in France and the entire paints business of Jallut, a company based in French-speaking Switzerland.

Outlook for development

The economic environment of the decorative paint market remains uncertain, particularly in France. To be ready to fully benefit from the forthcoming upturn, Cromology has launched an ambitious strategic transformation plan in France and Italy. This plan aims to roll out initiatives to improve Cromology's EBITDA and EBITDA margin, notably by revising its pricing policy, increasing the digital distribution of its products both via the network of integrated stores and via the "independent" distribution channel, continuing to adapt its cost structure, and by intensifying its sales efficiency. Improving sales efficiency will involve strong digital innovation to significantly improve service quality and better satisfy its customers. Cromology also aims to continue its targeted external growth transactions so as to extend its geographic coverage or to increase its product offering.

In millions of euros	2016	2015	Δ
Net sales	737.3	751.9	-1.9%
EBITDA(1)	64.0	67.8	-5.6%
as a % of net sales	*8.7%*	*9.0%*	*-30 bps*
Net financial debt	241.5	243.8	€-2.3M

(1) EBITDA before goodwill allocation entries, management fees, and non-recurring items.

Top management

Gilles Nauche, CEO

Patrick Tanguy, Non-executive Chairman

Wendel's involvement

Board of Directors: Bernard Gautier, Benoit Drillaud, Patrick Tanguy

Compensation Committee: Bernard Gautier (Chairman), Patrick Tanguy

Audit Committee: Benoit Drillaud (Chairman), Patrick Tanguy

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

1.7.4 Stahl

Global group with a strong presence in emerging economies

Stahl is market leader in process chemicals for leather products; next to this, Stahl produces polymers and performance coatings for a variety of substrates such as textile, paper, plastics, rubber, metal and wood. Stahl offers a wide range of solutions to the automotive, apparel & accessories and home interior sectors, and for industrial applications.

Stahl in brief

Physically present in 24 countries	38 laboratories and 13 production sites	Over 1,800 employees including more than 600 expert sales staff	No. 1 worldwide in specialty leather chemicals
€655.7 million in sales in 2016	Adjusted EBITDA of €155.6 million in 2016(1)	Stake held by Wendel:(2) 75.3%	Amount invested(2) by Wendel: €171 million since 2006

(1) Adjusted EBITDA before goodwill allocation entries, management fees, and non-recurring items.
(2) Equity stake as of December 31, 2016 before BASF transaction. Amount of equity invested by Wendel as of December 31, 2016, for the stake held at that date.

Why did we invest in Stahl?

Stahl is the world leader in specialty chemicals for leather products and is developing 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 skill levels 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 niche markets for high-performance coatings. Potential consolidation in the sector, combined with rigorous financial discipline, should allow Stahl to expand further and strengthen its market leadership. It derives more than 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.

Highlights of 2016

Stahl's sales totaled €655.7 million in 2016, up 4.4% from 2015. This increase in sales benefited from a combination of robust organic growth (5.6%) and a slightly positive scope effect (1.3%) deriving from three factors: the residual impact of the consolidation of Clariant Leather Services (Pakistani assets consolidated as of July 1, 2015), the April 2016 acquisition of Viswaat Leather Chemicals Business, an Indian company, and the consolidation over six weeks of Eagle Performance Products. Fluctuations in exchange rates, however, in particular the depreciation of the Brazilian real against the euro, had a negative impact of 2.4% on sales.

Sales growth at Stahl reflected a 5.3% increase in volumes, driven by ongoing double-digit growth within the Performance Coatings business unit and strong volume growth within the Leather Chemicals business units.

Stahl continued to pursue its external growth strategy, acquiring Eagle Performance Products, announced on November 21, 2016. Founded in 1974, Eagle Performance Products is specialized in flame retardants. This acquisition adds new technologies and products to Stahl's existing ranges of high-performance coatings and chemicals for the treatment of leather products. This product diversification is important for Stahl's key automotive, aeronautics and interior solutions segments. In 2015, Eagle Performance Products achieved sales of around $19 million and an EBITDA of around $4 million.

Stahl's EBITDA rose 20.9% in 2016 compared with 2015, to €155.6 million, representing a margin of 23.7%. EBITDA growth was driven by growth in sales, good cost control and the successful integration of the activities of Clariant Leather Services.

Stahl's very strong operating cash flow and the resulting improvement in its financial structure enabled it to pay its shareholders a dividend of €65 million at the end of March 2016, €48 million of which was paid to Wendel. On November 30, 2016, Stahl finalized an agreement with a club of banks to refinance its debt. The new financing of €587 million includes two tranches: a Term loan A and a Term loan B, maturing in 2021 and 2022, respectively. These lines were used to refinance Stahl's existing debt, pay a dividend of €326 million to its shareholders, including €242.7 million to Wendel in 2017, and give the company more flexibility in future acquisition transactions. As a result of the refinancing, Stahl's net debt at year-end represented ca. 3.0 times 2016 EBITDA, which will enable Stahl to pursue its growth and development, both organically and through acquisitions.

BASF leather chemicals business to become part of Stahl Group

On March 23, 2017, Stahl announced that it has signed an agreement to acquire the leather chemicals assets of BASF, one of the world's largest chemical companies.

The transaction will include the leather chemicals production site of L'Hospitalet in Spain in addition to mid-term and long-term supply agreements under which BASF will supply significant volumes of leather chemicals products to Stahl from its current manufacturing facilities that will not be carved-out.

This acquisition of BASF's leather chemicals business, which posted sales of around €200 million in 2016, will enable Stahl to benefit from the high quality and reputation of BASF's product offering. Stahl's position will be consolidated especially on the upstream part of the value chain of the leather chemicals market, i.e. Beamhouse and Wet-End, while also gaining scale in Leather Finish. Thanks to this asset-light transaction structure, Stahl will optimally leverage its R&D, golden hands and marketing & sales teams while welcoming ca.210 employees from BASF, of which ca.110 in Asia.

The combination of the two businesses generated pro forma(1) net sales of ca. €850 million and EBITDA of more than €200 million (on a 2016 basis). Stahl also expects to generate synergies at the EBITDA level, to be deployed over the 24 months following the closing of the transaction. This asset-light transaction will in addition further improve Stahl's cash generation profile.

In exchange for contributing its assets to Stahl, BASF will receive 16% of the equity of Stahl and a cash consideration of ca. €150 million.(2) Stahl will welcome BASF as a shareholder alongside Wendel who will remain the controlling shareholder of the company (ca. 63%), Clariant (ca. 19%) and other minority shareholders.(3)

The transaction is planned to be finalized in the fourth quarter of 2017, subject to the necessary regulatory approvals.

Outlook for development

Amid a still-volatile global economy, Stahl will continue to target organic growth and increased market share. 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 (more than 65% of sales). Stahl also intends to develop its activities in the earlier stages of leather processing, in order to expand its scope of business and gain greater market share. The group will continue to capitalize on its strengths, which are emerging markets, innovation (innovative environmentally-friendly solutions and customized technologies), and active cost management (strict financial discipline and value-adding investments).

Stahl's businesses continue to be driven by powerful long-term trends. Its markets are gradually shifting to the emerging market countries, average annual growth of 1-2% in meat consumption is supplying the market for hide processing, and certain competitors are gradually disappearing.

In millions of euros	2016	2015	Δ
Net sales	655.7	628.1	+4.4%
EBITDA(1)	155.6	128.7	+21.0%
as a % of net sales	*23.7%*	*20.5%*	*+320 bps*
Net financial debt	495.7(2)	167.1	€+328.6M

(1) Adjusted EBITDA before goodwill allocation entries, management fees, and non-recurring items.
(2) Net debt as of 12/31/2016 pro forma of payment of a dividend of €242.7 million to Wendel in early 2017.

Top Management

Huub Van Beijeren, CEO

Wendel's involvement

Board of Directors: Dirk-Jan Van Ommeren (Chairman), Bernard Gautier, Félicie Thion de la Chaume, Jérôme Michiels.

Appointments and Compensation Committee: Dirk-Jan Van Ommeren (Chairman), Bernard Gautier

Audit Committee: Félicie Thion de la Chaume (Chairwoman), Jérôme Michiels, Dirk-Jan Van Ommeren

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

(1) Excluding the pro-forma impact of the 2016 acquisitions (Eagle Performance Products and Viswaat Leather Chemicals).
(2) To be adjusted at closing depending on leverage and working capital.
(3) Including management.

1.7.5 IHS

IHS is the leading provider of telecom infrastructure in the EMEA region.

IHS is the EMEA leading provider of telecom tower infrastructure for mobile phone operators. The group builds, leases and manages telecommunications towers that it owns or that are owned by others. With more than 24,000 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.

IHS in brief

Present in 5 countries	Manages 24,700 towers in Africa(2)	Largest telecom tower company in EMEA	Leader in all countries of operation
$904.7 million in sales in 2016(1)	Approx. 2,000 employees	Stake held by Wendel:(3) 21.4%	Amount invested by Wendel:(3) $826 million since 2012

(1) Unaudited 2016 figures.
(2) Tower count was 22,425 excluding managed services and WIP as of December 31, 2016.
(3) Stake held and amount of equity invested by Wendel as of March 10, 2017, for the stake held at that date.

Why did we invest in IHS?

IHS is a leading provider of passive telecom tower infrastructure for mobile phone operators. Over the last 15 years, the group has successfully developed along the entire telecom tower value chain, from construction to leasing to maintenance. It provides market-leading service to its customers, who are among the leading telecom operators such as MTN, Orange, Etisalat, and Airtel.

IHS is a growth company, with an average annual rate of growth in sales of more than 60% over the past five years.

With its investment in IHS, Wendel has made its first direct investment in Africa, thereby demonstrating its intention 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. 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 4.8% p.a. on average over the last ten 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 more than 6% p.a. between now and 2020, and by an increase in the mobile penetration rate, which at 65% is one of the lowest in the world (penetration rate for single subscribers);
- 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. Fixed-line telephone service, available to only 14% of the population, is low and not expected to change materially.

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 guaranteed lease payments indexed to us dollar or inflation over periods of 10-15 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 rapid 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 2016[(1)]

IHS Holding Limited's ("IHS") sales totaled $904.7 million in 2016, up 25.1% from the previous year, driven by improved tower colocation rates (up 12% year-on-year for point of presence tenants and 25% including new technology (3G, 4G) tenants), as well as by acquisitions completed in 2015 and 2016. H2 growth was impacted by the devaluation of the Nigerian naira in June. As previously announced, this slowdown in growth has been mitigated from Q1,2017, since a significant portion of leasing contracts in Nigeria are indexed to the dollar and revised quarterly, semi-annually or annually.

IHS's strong growth in 2016 was achieved in a challenging macro environment. The Nigerian economy shrank 1.5% in 2016 amid a slump in oil revenue, diminished foreign investment, high unemployment rates, and inflationary pressure. As the Central Bank of Nigeria abandoned its currency peg, the naira depreciated by approximately 40% and liquidity became an issue for many Nigerian companies. Etisalat Nigeria, the Nigerian arm of Abu Dhabi telecom group Etisalat, was recently reported to be in negotiation with local banks to restructure its debt.

The Nigerian economic and monetary environment is, however, showing signs of improvement since the start of 2017. Oil production is rising, inflation is slowing down and more generally, the Nigerian economy is recovering. IMF is forecasting an economic rebound in 2017 (+0.8% real GDP growth) and 2018 (+2.3%), while foreign inflows are forecasted to increase over the period.

In 2016, IHS pursued its external growth strategy with the acquisition of 1,211[(2)] towers held by Helios Towers Nigeria Limited ("HTN"). After the integration of these towers in June, IHS had approximately 24,700 towers under management as of December 31, 2016.[(3)]

With regards to profitability, IHS continued the successful development and rationalization of its installed base of towers. The company also continued its tight operating cost control policy. EBIT[(4)] for the year increased by 75% to $151.5 million (vs. $86.4 million in 2015), representing a margin of 16.7% in 2016 (vs. 12% in 2015). The relative decline of the EBIT margin in H2,2016 can be explained by positive one-off items booked in the first half of the year and by slower growth in USD terms in Nigeria in the second half of the year.

IHS's net results were impacted by its investment program designed to upscale its newly acquired towers as well as its accelerated amortization policy (20 years vs. 50 years for BTS towers). In addition, the devaluation of the Nigerian Naira caused IHS to recognize a currency translation loss on dollar-denominated liabilities on the books of Nigerian companies whose functional currency is the Nigerian Naira. This loss was not offset in IHS's group financial statements (in US dollars) because the positive impact resulting from the conversion of the Nigerian companies' financial statements into US dollars was accounted for in the consolidated equity of IHS Group. The accounting treatment has no impact on either cash or operational profitability.

To finance its development, including the acquisition of HTN, IHS carried out a $200 million capital increase in the second half of 2016 and refinanced the debt of IHS Nigeria and IHS Towers NG Limited (formerly HTN) through the successful placement of a $800 million 5-year bond. As of December 31, 2016, IHS's net debt was $1,527.4 million.

(1) Unaudited 2016 figures.
(2) Of which 925 active towers
(3) Tower count is 22,425 excluding managed services and WIP as of December 31, 2016.
(4) EBIT before non-recurring items.

$826 million invested by Wendel

To support IHS's pan-African growth strategy, Wendel invested $826 million between 2013 and 2016, by participating in four capital increases alongside IHS's shareholders, who are major financial institutions active in economic development and top-tier private equity companies.

Among these are Emerging Capital Partners, the 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 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 $826 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 BV, 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's independence, MTN's voting rights, representation and access to information on IHS will remain limited. Following this simplification of IHS's capital structure, Wendel holds 21.4% of the shares of IHS directly and remains IHS's largest shareholder in voting rights with unchanged governance rights.

In millions of dollars	**2016(1)**	**2015**	**Δ**
Net sales	904.7	723.1	+25.1%
EBIT(2)	151.5	86.4	+75.4%
as a % of net sales	16.7%	12.0%	+470 bps
Net financial debt	1,527.4	918.3	+609.1

(1) Unaudited 2016 figures.
(2) EBIT excluding non-recurring items.

Top Management

Issam Darwish, Executive Vice Chairman, CEO, and founder

Wendel's involvement

Board of Directors of IHS Holding: Bernard Gautier, Stéphane Bacquaert, Stéphanie Besnier until March 2017, Stéphane Heuzé from March 2017.

Audit Committee: Stéphane Bacquaert

Compensation Committee: Stéphane Bacquaert

Appointments Committee: Bernard Gautier

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

1.7.6 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 and labels, primarily for the food and pharmaceutical industries.

Constantia Flexibles in brief

No. 2 in Europe No. 4 worldwide	Over 10,000 employees		56 manufacturing sites in 24 countries
€2,062.1 million in sales in 2016	EBITDA(1) of €290.0 million	Stake held by Wendel: 60.5%	Amount invested by Wendel:(2) €565 million since March 2015

(1) Adjusted EBITDA before goodwill allocation entries, management fees, and non-recurring items.
(2) Amount of equity invested by Wendel as of December 31, 2016, 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 and labels, primarily for the food, beverage and pharmaceutical industries. Constantia Flexibles has successfully developed its activity outside Europe and, over the last five years, has become a global leader in flexible packaging. The group now has more than 3,000 customers worldwide, over 10,000 employees and 54 manufacturing sites in 23 countries. Its products are sold in more than 115 countries.

The flexible packaging market for basic consumer goods, in which Constantia Flexibles operates, offers a combination of stability and growth. Constantia Flexibles has a solid track record, posting an average annual growth rate of 9.3% over the last 12 years. The business of Constantia Flexibles is largely independent of economic cycles because the group caters to the basic, daily needs of end customers. In addition, there are long-term market trends supporting the growth of the flexible packaging market, such as urbanization, increased mobility and the increased consumption of individual 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 general (GDP), 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 and robust manufacturing facilities, enabling it to adapt to worldwide demand for new packaging;
- the ability of Constantia Flexibles to pursue an external growth strategy, as demonstrated by the eight acquisitions carried out since 2010, including four in emerging markets. The acquired companies have aggregate sales in the region of €680 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 H. Turnauer 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 of 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 H. Turnauer 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 60.5% of the share capital.

Food

The Food division represents around 57% of the sales of Constantia Flexibles. It encompasses a vast array of products to serve market segments ranging from dairy to confectioneries to ready-made meals. 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 food market is rising, in response to an increasing global population, urbanization, and higher environmental and health awareness.

Constantia Flexibles supplies the food industry with food packaging solutions made of aluminum, film of various types, and stratified paper. 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, pre-cut seals, and aluminum wrappings) and serves food 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 14% 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.

Labels

The Label division's portfolio of products includes plastic, aluminum, and paper labels for the beverage industry and in-mold labels incorporated directly into the product packaging. Its main customers are brewers like ABInbev and Heineken, for example, and global beverage companies, such as the Coca-Cola Company.

The Label division is the world's leading manufacturer of beer labels and in-mold labels. One in two beer bottles in the world carries a label produced by Constantia Flexibles. The division's sales account for around 29% of the sales of Constantia Flexibles.

Highlights of 2016

In 2016, Constantia Flexibles successfully pursued its global growth strategy with two new acquisitions: Oai Hung, increasing its exposure to growth in Southeast Asia, and Italian company San Prospero, which supports its principle of satellite production. As part of its efforts to streamline its activities, Constantia Flexibles sold its non-core folding carton business in Mexico.

For the first time in its history, Constantia Flexibles' sales exceeded €2 billion, increasing 8.6% to €2.06 billion in 2016. Organic growth, i.e. growth at constant scope and exchange rates, was 1.5%. In 2016, top-line growth suffered from negative currency effects of 0.6%, relating to fluctuations in the Polish zloty, the South African rand, the pound sterling and the ruble compared with the euro.

The organic portion of sales growth resulted primarily from volume increases in all divisions of Constantia Flexibles, along with price increases and product mix improvements.

Food division sales increased by 6.8% to €1.2 billion in 2016. Organic growth in the division contracted by 0.4% because of difficult economic conditions in emerging markets. Growth in the Americas was particularly encouraging in 2016, with a significant advance in packaging films for snacks. Sales were down slightly in Europe, owing in particular to the decline in raw material prices. Sales of packaging film for confectionery and convenience food continued to increase. Furthermore, innovative products such as individual portions of tea and coffee won market share. In emerging markets, business was affected by a difficult geopolitical environment in Turkey and neighboring countries.

In 2016, **Pharma division** sales rose by 5.6% to €312.6 million and included organic growth of 1.4%. In addition to growth in the principal European markets, activity in emerging markets was buoyed by the acquisition of Oai Hung in 2016. Growth in US markets was affected by a very high base of comparison in 2015. Pharma's flagship products, i.e. coldforming aluminum foil, advanced in all regions of the world. The company also sought to win further market share with innovative personal hygiene and household products.

Sales in the **Labels division** rose by 11.8% to €604.7 million and included organic growth of 3.9%. Market growth in 2016 was characterized by an increasing demand for high-value-added products, primarily self-adhesive labels, in particular in the beer market. The acquisition of Spear Group, leader in its market, in 2013 enabled Constantia Flexibles to take advantage of this trend. Moreover, sales benefited from overall demand in wet-glue labels. Finally, growth was also buoyed by the ongoing development of the existing customer portfolio and the acquisition of new customers in Asia.

For all of Constantia Flexibles, 2016 EBITDA was €290.0 million, an increase of 10.2% compared with 2015. As a result, the operating margin was 14.1% compared to 13.9% a year earlier.

At the end of September, Constantia Flexibles successfully renegotiated the terms of its senior debt. As part of this transaction, Constantia Flexibles amended certain terms in its €1.2 billion syndicated lines of credit to give it more operating flexibility, while reducing the margin on its €660 million senior, euro-denominated financing by 75 basis points. The size of the dollar-denominated tranche was increased to $250 million so as to make it more liquid and strengthen its broad investor base, thereby facilitating the company's access to international markets. The margin for the dollar tranche was renegotiated down by 75 basis points. This transaction will save Constantia Flexibles €7 million p.a. gross, enabling it to recover the transaction costs in less than eight months.

Moreover, on March 1, 2017 Constantia Flexibles announced its acquisition of Alucap, Italy's leading producer of lids and seals for dairy products, based in the vicinity of Trento (Italy's principal yogurt producing region). Alucap specializes in producing aluminum lids and plastic films, and serves many local and international dairy producers.

Outlook for development

The strategy implemented by the Constantia Flexibles Group for profitable growth is based on the following pillars:

- developing the group's business in fast-growing regions;
- carrying out targeted acquisitions to support the group's geographic expansion and consolidate its global leadership;
- optimizing the operating structure and maximizing the group's synergy, by pursuing operational excellence programs.

In millions of euros	2016	2015	Δ
Net sales	2,062.1	1,898.7	+8.6%
EBITDA(1)	290.0	263.1	+10.2%
as a % of net sales	14.1%	13.9%	+20 bps
Net financial debt	1,224.7	1,216.9	€+7.8 million

(1) Adjusted EBITDA before goodwill allocation entries, management fees, and non-recurring items.

Top management

Alexander Baumgartner, Chairman of the Executive Board

Wendel's involvement

Supervisory Board: Frédéric Lemoine (Chairman), Bernard Gautier (Vice-Chairman), Patrick Tanguy, Roland Lienau

Appointments and Compensation Committee: Frédéric Lemoine (Chairman), Roland Lienau

Audit Committee: Patrick Tanguy, Roland Lienau

M&A and Operations Committee: Bernard Gautier (Chairman), Patrick Tanguy

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

1.7.7 Allied Universal

Allied Universal continues its growth in the United States

Allied Universal is the leader in the US security services market providing physical guarding and related services to a highly diversified group of end markets and customers.

Allied Universal in brief

Leading US-based security services provider	Approximately 140,000 uniformed security guards	Over 6,000 clients	c. 190 regional and district offices in the US
$4,823.5 million in pro forma net sales in 2016(1)	Adjusted EBITDA of $353.7 million(1)	Stake held by Wendel: 33.2%	Amount invested by Wendel:(2) $300 million

(1) Reflects pro forma revenue and EBITDA as if the merger had been completed on January 1, 2016. Legacy AlliedBarton EBITDA before non-recurring items. Allied Universal figures are unaudited and include full year impact of 2015 acquisitions pro forma for expected synergies and other adjustments consistent with the Company's credit agreement. All figures are shown on a comparable basis relating to capitalization of uniform and vehicle expenses, which had historically been expensed by legacy AlliedBarton.
(2) Amount of equity invested by Wendel for the stake held as of December 31, 2016 after a cash payment of c. $387 million associated with the merger of AlliedBarton and Universal Services of America.

Why did we invest in AlliedBarton Security Services?

Keeping employees and customers safe is a key challenge many companies face today. The increased attention on security-related issues has driven the demand for premium security guard services. The cost of disruption arising from security incidents, stricter security requirements by governments and insurers, and increased concern about reputational or brand damage have caused companies to strengthen their security presence. To do this, many companies require additional preventive security to ensure an effective response to potential emergencies and disasters, prompting them to supplement public services with outsourced third-party support. In line with this trend toward outsourcing, more companies have turned to specialized security services firms to provide customized security solutions. As a result, the market for outsourced security services in the US has expanded dramatically over the past two decades.

The market for outsourced security guard services in the US is estimated to be over $20 billion and is expected to continue to grow in excess of GDP. The industry demonstrated strong growth over a long period of time and proved to be resilient during economic downturns. Outsourced security services is also a highly fragmented industry with many consolidation opportunities.

Founded in 1957 and based in Conshohocken, Pennsylvania, AlliedBarton Security Services ("AlliedBarton") was one of the industry's leading providers of highly trained responsive security personnel and one of the most honored security guard services companies in the United States. It provided physical guarding and related services to around 3,400 customers across a number of end markets.

Over the past two decades, AlliedBarton transformed from a regional player into an industry leader with a nationwide presence. It integrated 12 acquisitions after 1998 and developed a unique go-to-market approach driven by customized, vertical segment expertise. Led by an industry-leading management team, AlliedBarton had an impressive track record of delivering profitable organic growth, generating free cash flow, and integrating acquisitions.

On December 2, 2015, Wendel completed the acquisition of AlliedBarton Security Services at an enterprise value of $1.68 billion, or approximately 11 times LTM adjusted EBITDA. As part of the transaction, Wendel invested $688 million of equity for a ca. 95% ownership stake.

AlliedBarton is now Allied Universal

On August 1, 2016, only nine months after the acquisition of AlliedBarton, Wendel announced that the merger of AlliedBarton with Universal Services of America, a portfolio company of Warburg Pincus, had been finalized, thereby creating the leading independent security services business in North America.

The combined company, operating under the Allied Universal brand, provides its customers with local and national services using industry-leading technology solutions and approximately 140,000 highly-trained security guards. Allied Universal expects to benefit from improving profitability, driven in part by merger-related synergies expected to be in the region of $100 million.

Steve Jones, the former Chief Executive Officer of Universal, is now the CEO of Allied Universal. Bill Whitmore, the former CEO of AlliedBarton, is the company's Chairman of the Board. Through this transaction, Wendel received approximately $387 million in cash, and in exchange for its stake in the share capital of AlliedBarton Security Services, 33% of the shares of Allied Universal. Warburg Pincus and Wendel are the principal shareholders in the merged company, with equal voting rights and Board representation. The remainder of the share capital is held by the management teams of the merged companies and other investors, including Partners Group.

When Wendel initially invested in AlliedBarton Security Services, a portion of our thesis was that the US security services market could consolidate. This transformative merger confirmed our thesis and created one of the largest companies in the Wendel Group.

What Allied Universal does and who they serve

Allied Universal provides best-in-class security guard services which allow clients to completely outsource the recruiting, screening, training, uniforming, scheduling, and supervising of security guards. Allied Universal's security guards work at client sites and are responsible for implementing the security measures necessary to deal with actual or potential security threats detected.

With more than 140,000 employees and approximately 190 regional and district offices located across North America, the company provides security guard services for approximately 6,000 clients, including both very large companies (approximately half of the Fortune 500 companies) and small and mid-sized organizations. Alllied Universal is focused on providing each client, regardless of size, with the same level of service to meet the customer's specific needs. The company is focused on providing a local response with national support to its clients.

For more than 50 years, Allied Universal and its predecessor companies have developed vertical-focused expertise to serve its clients in a large number of 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.

Highlights of 2016

In 2016, Allied Universal reported pro forma revenue of $4.8 billion, representing a 6.1% increase over the prior year, of which 3.9% was organic growth.[1] The year-over-year organic revenue growth reflects continued new business wins and growth within existing customers, partially offset by customer attrition, including from acquisitions completed by Universal in 2015. The company has also continued its acquisition strategy by completing four acquisitions, one of which closed in 2017, after the close of the Allied Universal merger. The four acquired companies include US-based Apollo International, FJC Security and Yale Enforcement Services, and Canadian-based Source Security & Investigations, and have combined annualized sales of approximately $400 million.

In 2016, adjusted pro forma EBITDA[1] totaled $354 million, or 7.3% of sales.

The post-merger integration was substantially implemented in 2016, including the creation of a single senior management team, the consolidation of ca. 260 local branches offices to ca. 190, and the combination of support functions and systems. The resulting savings of these actions are beginning to be reflected in Allied Universal's earnings; the full year benefit is expected to be fully reflected in the LTM P&L by mid-2018. Adjusted pro forma 2016 EBITDA[2] including all expected synergies and the full-year impact of post-merger acquisitions (Apollo, FJC, and Source) totaled $457 million, representing a 9.0% pro forma margin.

(1) Reflects revenue and Ebitda for Allied Universal and its predecessor companies as if the merger and prior acquisitions had been completed on January 1, 2015.
(2) Legacy AlliedBarton Ebitda before non-recurring items. Allied Universal figures are unaudited and include full year impact of 2015 acquisitions pro forma for expected synergies and other adjustments consistent with the Company's credit agreement. Shown on a comparable basis relating to capitalization of uniform and vehicle expenses, which had historically been expensed by legacy AlliedBarton.

Outlook for development

The strategy implemented by Allied Universal for profitable growth is based on organic revenue growth from multiple areas, including:

- **continue to penetrate select, higher-growth verticals** such as healthcare, higher education, and government – led by a knowledgeable sales and operations team with industry-specific expertise (regulatory environment, staffing requirements, administrative burden, etc.);
- **grow national accounts** by utilizing geographic scale and sizeable workforce to meet the unique needs of geographically diverse clients with centralized purchasing functions;
- **maintain client retention while increasing wallet share of existing customers** by providing new services, placing additional guards on new sites, or by increasing prices (typically driven by guard wage increases);
- **continue to build out Allied Universal's technology offering to improve both customer satisfaction and security outcomes**;
- **grow via acquisition** In a highly fragmented and consolidating market, the merger of AlliedBarton and Universal Services of America was a significant achievement. Allied Universal, which has already completed four acquisitions since the merger, continues to evaluate new opportunities, particularly of companies with sales between $30-250 million.

In millions of dollars(1)	2016	2015	Δ
Net sales	4,823.5	4,545.6	+6.1%
EBITDA(2)	353.7	351.8	+0.5%
as a % of net sales	*7.3%*	*7.7%*	*-40 bps*
Net financial debt(3)	2,905.0	n.s.(3)	n.s.

(1) Reflects merged revenue, EBITDA, and net debt as if the merger and pre-merger acquisitions had been completed on January 1, 2015.
(2) Legacy AlliedBarton EBITDA before non-recurring items. Allied Universal figures are unaudited and include full year impact of 2015 acquisitions pro forma for expected synergies and other adjustments consistent with the Company's credit agreement. Shown on a comparable basis relating to capitalization of uniform and vehicle expenses, which had historically been expensed by legacy AlliedBarton.
(3) Comparison with December 31, 2015 not relevant.

Top management

Steve Jones, CEO

Bill Whitmore, Chairman

Wendel's involvement

Board of Directors: David Darmon, Adam Reinmann, Mel Immergut

For more information, please visit: *www.aus.com*

1.7.8 Parcours

A major mobility player focused on service

Parcours is an independent specialist in long-term vehicle leasing in France with a managed fleet of 56,500 vehicles. It has specific, strategic assets and offers a unique and differentiating range of services, based on its "3D" model, at the crossroads of financial services, business services and the automobile industry.

Parcours in brief

Amount invested by Wendel: €111 million since 2011	Stake held by Wendel: Sold in May 2016	Net sale proceeds: €241 million	Multiple: 2.2 times the total investment
IRR: 18% p.a. since April 2011			

Sale of Parcours to ALD Automotive

On May 3, 2016, Wendel sold all of the capital of Parcours to ALD Automotive, the Société Générale Group's long-term leasing subsidiary, one of the world's major companies in the financing and management of automotive fleets.

Since 2010, the fleet of vehicles managed by Parcours has increased by nearly 10% p.a. on average and the company's workforce has doubled. The sector is consolidating rapidly, and this transaction will give Parcours exactly the industry and financial support it needs to step up its growth and development in France and abroad. This will enable Parcours to strengthen its position in European markets (France, Spain, Portugal, Belgium, and Luxembourg) and the combination of the two companies' expertise should enable them to offer a more complete range of services to their customers (long- and medium-term leasing, private leasing). Finally, Parcours will be able to benefit from the financial resources of ALD Automotive, a subsidiary of Société Générale, to increase its fleet financing capacity and its business development. ALD Automotive will be able to capitalize on Parcours' business model, which includes a very high level of local service to customers, owing in particular to its network of 3D agencies and its decentralized management. In this way, ALD will take advantage of the prestige the Parcours brand enjoys in long-term leasing.

ALD Automotive acquired all of the shares of Parcours, valuing the shareholders' equity at €300 million. For Wendel, the net proceeds of the transaction totaled €241 million. This amount represents around 2.2 times the total amount Wendel invested, giving an IRR of around 18% p.a. since April 2011.

1.7.9 exceeet

exceet designs and develops technological solutions for critical applications

exceet is an international group specializing in the development and production of smart technologies, critical systems and security solutions, manufactured in small and mid-sized production runs. The group distinguishes itself from competitors by its advanced solutions and technical expertise in embedded electronics and has leadership positions in the health, industry and security markets. With a total of ten sites (seven production sites, two technical facilities for development and distribution, and its headquarters), exceet remains close to its customers, enabling it to quickly respond to their needs with innovative technological solutions.

exceet in brief

Present in 5 countries	10 sites	1,021 employees	Leadership positions in embedded solutions
€135.3 million in sales in 2016		Stake held by Wendel:(1) 28.4%	Amount invested(2) by Wendel: €50 million since 2010

(1) Share of equity owned as of December 31, 2016 net of treasury shares.
(2) Amount of equity invested by Wendel as of December 31, 2016, for the stake held at that date.

Why did we invest in exceet?

In February 2010, Helikos SPAC raised €200 million at its IPO on the Frankfurt stock exchange. Wendel, *via* Oranje-Nassau Développement, was the principal sponsor. The purpose of this innovative transaction was to invest in a German Mittelstand company. After 15 months of analysis, Helikos chose to acquire exceet Group AG, European leader in embedded intelligent electronic solutions. With its roots and a strong industrial and commercial presence in Germany, exceet designs, develops and produces essential, customized components and solutions for major industrial companies. Its areas of expertise include medical technologies and healthcare, industrial automation, financial services, security, avionics, and transportation.

exceet is listed on the Frankfurt stock exchange. VMCap, its historical shareholder, holds 33.9% of the capital and Oranje-Nassau Participaties B.V. holds 27.8%.

Highlights of 2016

Over all of 2016, sales of continuing activities totaled €135.3 million, down 0.8% (-0.2% excluding currency fluctuations) compared with 2015. EBITDA from continuing activities was €8.1 million, vs. €10.0 million in 2015, down 19%. Sales of Electronic Components, Modules & Systems (ECMS) were stable in 2016 at €126.1 million (2015: €126.8 million). In 2016 the company began large-scale production of new, contactless vital data measurement devices, developed jointly with exceet's customers. ECMS is expected to strengthen its market positions in 2017, through improvement in its production facilities and optimization of its production processes. exceet Secure Solutions (ESS) achieved sales of €9.2 million in 2016, vs. €9.6 million in 2015. ESS continues to focus on secure connectivity, based principally on IT security and Internet of Things solutions for the manufacturing industry.

Ulrich Reutner resigned as CEO of exceet Group SE and from related functions for personal reasons as of March 1, 2016. Wolf-Günter Freese, the CFO of exceet, was appointed as the company's CEO on March 31, 2017 after having acted as interim CEO since March 1, 2016. He will continue to act as CFO.

As previously indicated, on February 14, 2017 Greenock Sàrl received a bid for its stake in exceet, priced between €3.90 and €4.00 per share. On March 10, 2017, Oranje-Nassau Participaties BV (Wendel Group) received a bid for its stake in exceet, priced at €4.10 per share. exceet has authorized the potential buyers to conduct due diligence on the company. However, as of April 13, 2017, the Board of Directors of exceet Group SE was not yet able to assess whether the conditions required for the acquisition of Greenock's or Oranje-Nassau's stake by the potential buyers and for the potential tender offer to the shareholders of exceet Group SE will be met.

Outlook for 2017

Given current conditions, the company is confident it will return to organic growth during the year, with improvement between the first and second halves. Its order books inspire confidence, but the general economic environment and its impact on customer behavior could shake that confidence. With respect to operating profitability, as measured by EBITDA, the company probably hit a low point in 2016, and the measures implemented during the year should lead to better results in 2017.

In millions of euros	2016	2015 (1)	Δ
Net sales	135.3	136.4	-0.8%
EBITDA	8.1	10.0	-16.1%
as a % of net sales	*6.0%*	*7.3%*	*-130 bps*
Net financial debt	5.4	8.1	€-2.7 million

(1) In accordance with IFRS 5, the contribution of the activities of the IDMS division is presented by exceet in "Net income from discontinued operations and operations held for sale" in 2015 and 2016.

Top management

Ulrich Reutner, CEO until March 1, 2016

Wolf Günter-Freese, CEO since March 1, 2016, CFO

Wendel's involvement

Board of Directors: Roland Lienau, Dirk-Jan Van Ommeren.

Observer on the Board of Directors: Celia Möller

For more information, please visit: *exceet.ch*

1.7.10 Mecatherm

Mecatherm automates bread production worldwide

The Mecatherm Group is the world leader in industrial baking equipment. It designs, develops, assembles and installs ovens, machines, and automated production lines for fresh, frozen, cooked or pre-cooked bread, cakes, and pastries, around the world. The group serves the entire production line market with two complementary solutions: “Crusty bread” lines (baguettes and crusty bread), and “Soft & Pastry” lines (buns, brioches, loaves of bread, pastries, etc.).

Mecatherm in brief

Present in over 50 countries	More than 770 industrial lines installed	459 employees, incl.24 in R&D	One of the world leaders in equipment and production lines for industrial bakeries
€118.7 million in sales in 2016	11.1% EBITDA margin	Stake held by Wendel: 98.6%	Amount invested[(1)] by Wendel: €117 million since 2011

(1) Amount of equity invested by Wendel as of December 31, 2016, for the stake held at that date.

Why did we invest in Mecatherm?

Founded in 1963, Mecatherm is the world leader in industrial bakery equipment, with around 60% market share in high-capacity, crispy-bread lines. It serves the entire market with two complementary solutions: “Crusty bread” lines (baguettes and crusty bread), and “Soft & Pastry” lines (buns, brioches, loaves of bread, pastries, etc.). Today, the group has an installed base of more than 770 automatic lines in more than 65 countries worldwide, representing more than 20,000 metric tons of goods produced by Mecatherm lines every day. The group has strong competitive advantages, including:

- unique R&D and product innovation know-how with its team of 25 professionals. Since 1995, Mecatherm has launched nearly 20 new products and has about 15 active patents;
- a strong brand and the trust of its customers (50% have been customers for over ten years), illustrated by its position as world leader;
- a sales network that has almost doubled in three years, with sales representatives serving all market segments;
- a flexible industrial model whereby Mecatherm can easily call upon sub-contractors to produce components (e.g. sheet metal, tanks). This allows Mecatherm to focus on the higher value-added phases, such as R&D and customer service, and to limit its fixed costs.

Mecatherm was listed on the stock exchange between 1994 and 2004, and Wendel finalized its acquisition of the company via Oranje-Nassau Développement in October 2011.

Highlights of 2016

Mecatherm’s sales totaled €118.7 million in 2016, marking a very clear recovery of 23.1% compared with 2015. The high level of organic growth reflected three factors: i) the 2015 base of comparison was unusually low, ii) the order book was well stocked at the start of the year following an exceptional year for business development in 2015, in particular in the Crusty segment, and iii) there were positive effects of the operational reorganization initiated in 2014.

The new management team’s action plans, initiated in 2014 when Mecatherm’s operations were reorganized, started to pay off in 2016. As projected in 2015, these efforts returned the company to profitability right from Q1, 2016, and profitability strengthened throughout the year. EBITDA for the full year stood at €13.7 million, vs. a loss of €11.8 million in 2015.

These developments also enabled the company to reduce net debt during the year. Receipts on transactions underway improved, and in H2 more rigorous cash management boosted down payments on orders to a high level.

The slowdown in new orders in the middle of 2016 will have an impact on sales in H1, 2017. New orders have picked up since the summer of 2016, in particular in new geographic areas and in recently launched products. Mecatherm has scored these new business wins as a result of significant investment in sales & marketing over the last few years, which is expected to support Mecatherm's future growth. The improvement plans are continuing and are expected to improve Mecatherm's level of profitability.

Outlook for development

The group's growth is based on four main pillars:

- geographic expansion, as bread consumption and demand increases in high-growth countries, where the group already derived close to 60% of its orders in 2016;
- the growing share of industrial bakery on a global scale;
- bigger market shares in the "Soft & Pastry" segment;
- market consolidation, reinforcing Mecatherm's range with complementary services and technologies.

These major assets, combined with a light cost structure and rigorous operational and financial discipline, should enable the Mecatherm Group to further expand and consolidate its leadership position in an industry that can slow considerably in certain years but whose overall growth is strong and here to stay.

In millions of euros	2016	2015	Δ
Net sales	118.7	96.4	+23.1%
EBITDA(1)	13.7	-11.8	n.s.
as a % of net sales	*11.5%*	*n.s.*	*n.s.*
Net financial debt	€38.8M	€42.1M	€-3.3M

(1) Recurring EBITDA, excluding management fees and the impact of goodwill allocation.

Top management

Olivier Sergent, Chairman and CEO

Wendel's involvement

Board of Directors: Dirk-Jan Van Ommeren (Chairman), Patrick Tanguy, Charles Goulet

For more information, please visit: *mecatherm.fr*

1.7.11 Saham Group

Saham Group, diversified group, insurance leader in Africa

Saham Group is a diversified, pan-African group with two historical businesses: insurance and customer relationship centers. It is also expanding in other areas (real estate, healthcare, and education) so as to take advantage of existing synergies between its activities. Saham Group offers an attractive opportunity to access African growth. It operates in 23 African countries, which represent nearly 50% of the continent's GDP.

Saham Group in brief

Present in 30 countries	16,000 employees	More than 5 business lines	Largest pan-African insurance group (excluding South Africa)
MAD 10.4 billion in gross premiums written in 2016[(1)]	MAD 11.4 billion in consolidated sales in 2016 [(1)]	Stake held by Wendel: 13.3%	Amount invested by Wendel:[(2)] €100 million in 2013

(1) Unaudited 2016 figures.
(2) Amount of equity invested by Wendel as of December 31, 2016, for the stake held at that date.

Why did we invest in Saham Group?

On November 28, 2013, Wendel made its second investment in Africa, becoming a shareholder of the Saham Group, based in Morocco and majority-held by its founder and CEO. Wendel intends to support this pan-African group in its future, long-term growth and development. Moulay Hafid Elalamy is a Moroccan entrepreneur who enjoys a strong reputation in Africa. Since 1995 he has successfully built a multiservices group operating in insurance, customer relationship centers, healthcare, education, and real estate. Saham Group leverages the broad sectoral and geographic diversification of its activities and its highly experienced management. Moulay Hafid Elalamy has been Morocco's Minister of Industry, Investment, and the Digital Economy since 2013. He was reappointed in this role in April 2017.

Insurance and Assistance

The insurance market in Africa is developing rapidly, driven in particular by population growth, a fast-rising standard of living, and regulatory changes that are likely to further increase demand. With an insurance penetration rate below 1% (premiums as a percentage of GDP), well below global rates, the insurance market in Sub-Saharan Africa offers significant growth potential.

Saham Finances, the group's insurance arm, is the largest insurer in Africa (excluding South Africa). The group is mainly present in non-life insurance in close to 25 African and Middle Eastern countries.

In 2014, Saham Finances regrouped its insurance and assistance brands into two flagship brands: Saham Assurance for CNIA Saada Assurance, Colina group, and Mercantile Insurance; and Saham Assistance for Isaaf Assistance. The group deploys strong brands of international stature in each country where it is present, joined by the common root: Saham.

At the heart of the group's work, the **insurance** arm represents the historic pillar of its development in Morocco, and West and Central Africa. The insurance business has seen rapid growth thanks to the success of an ambitious and deliberate acquisition strategy, including the acquisition of the Colina group (largest insurer in the Interafrican Conference on Insurance Markets zone, with a presence in 17 countries), of Global Alliance Seguros Angola (leading private company in the country), and of Unitrust Insurance and Continental Re in Nigeria. Since 2014, Saham Finances has made a considerable effort to harmonize its brands in Africa into the single brand of "Saham". This momentum was made possible by setting up subsidiaries in high growth potential countries, such as Niger and Congo in 2013. To optimize the reinsurance needs of its subsidiaries, the group created Saham Ré in 2013. Saham Ré is a reinsurance company that aims to share the best underwriting practices.

Today, positioning itself as a truly pan-African leader, Saham Assurance relies on a network of over 700 agencies and distinguishes itself through its strongly client-based strategy.

Saham Assistance is specialized in travel, vehicle, and health assistance. Saham has a wide distribution network, backed by 1,000 intervention points, more than 450,000 service providers, and 240 correspondents worldwide through the Mondial Assistance network.

Saham Assistance currently leads the assistance sector in Morocco and is now the assistance sector leader in Africa, with a presence in 16 countries.

Customer relationship centers ("Offshoring")

Saham Group was a pioneer in the market for customer relationship centers, with the creation of Phone Group in Morocco in 1999 (40% held by Saham Group, alongside Bertelsmann). Phone Group is today a key player in outsourced client relations for French-speaking Africa.

In March 2015, Saham purchased the Egyptian operator ECCO Outsourcing, one of the leaders in North Africa and the Middle East for customer relations centers and Business Process Outsourcing (BPO). In addition to Phone Group, which targets the needs of big players in the French-speaking market, the acquisition of the operator ECCO allows Saham to offer a high performance offshore platform to clients in Arabic and English speaking markets, particularly in the Middle East, Europe, and the United States.

Saham's Offshoring division has around 6,500 employees in Morocco, Senegal, Côte d'Ivoire, and Egypt.

Healthcare

Meden Healthcare, the group's healthcare division, develops modern, high-performance medical units in accordance with international standards, primarily in Morocco. To achieve this, the group draws on the strategic partnership formed in 2013 with the cooperative Asisa, the Spanish leader in medical management. The healthcare division is developing a network of clinics under the Evya brand offering multidisciplinary expertise, state-of-the-art technical facilities, and high-quality service.

Real estate

Leveraging its experience in insurance, Saham Group manages residential and social real estate development projects in Morocco. The real estate programs developed by Saham (Almaz, Vert Marine) offer high-quality accommodation constructed according to international standards, while ensuring that prices remain appropriate.

Education

In 2015, a division dedicated to education, SANA Education, was created through a 60/40 joint venture between Saham Group and Tana Africa Capital (co-founded by Oppenheimer and Temasek).

Sana Education intends to establish a network of high-quality, primarily new schools in Morocco, and then elsewhere in Africa, ranging from preschool to high school and rooted in local cultures. Sana Education currently has three schools in Morocco (Casablanca and Rabat) and aims to reach a capacity of 100,000 students within 10 years.

Proven ability to build partnerships with top-ranking players

Saham Group has both business and ownership ties to top-ranking international financial and strategic partners such as Bank of Africa, Bertelsmann, Asisa, and more recently Sanlam, Tana Africa Capital, and Crédit du Maroc. These partnerships have enabled Saham to step up its growth and support its African and Middle Eastern development strategy.

Its position as a leading player in the insurance sector, an essential service expected to grow rapidly in Africa, and its development and diversification strategy are assets that make Saham Group a promising contributor to Wendel's strategy in Africa.

Highlights of 2016(1)

The Saham Group's consolidated 2016 sales totaled MAD 11.4 billion, up 6% compared with 2015.

Insurance activities posted total growth of 7% over the year, thanks to robust organic growth of 6% as well as the contribution from Continental Re in Nigeria (acquired in June 2015). All insurance entities except Saham Angola Seguros, Gabon, and Congo saw increases in gross premiums during the year, with sound organic growth of 15% in Morocco, in particular (ca. 41% of gross premiums). Saham Angola Seguros (ca. 9% of gross premiums) posted a 26% constant-currency decline in gross premiums written compared with 2015, in a very difficult macroeconomic context.

Customer relationship centers continued to perform well, with revenue growing 25% in 2016, owing in particular to significant new business wins at Phone Group in Morocco, Côte d'Ivoire and Senegal, as well as to fast growth at Ecco (acquired in March 2015) in Egypt.

Saham Group is also pursuing the growth and development of its Healthcare, Education and Real Estate businesses, with priority on Morocco. SANA Education (a joint venture between Saham and Tana Capital) operated three schools in Rabat and Casablanca in 2016. In addition, Saham continued to market its residential real-estate projects in Casablanca.

On December 14, 2016, Sanlam, a leading South African insurer, announced its intention to increase its stake in Saham Finances (the Saham Group's insurance arm) by 16.6% for $329 million. Once the transaction is complete, Sanlam will hold 46.6% of the share capital of Saham Finances.

Top management

Moulay Hafid Elalamy, Chairman

Saad Bendidi, Deputy CEO

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

Wendel's involvement

Board of Directors: Stéphane Bacquaert

Board of Directors of Saham Finances: Jean Azéma, former CEO of Groupama

(1) Unaudited 2016 figures.

1.7.12 Nippon Oil Pump (NOP)

NOP innovates to drive growth

NOP leads the Japanese market for the design, development and manufacture of trochoid pumps, rotary vane pumps, and hydraulic motors. It also has worldwide leadership positions in the trochoid pump segment. These pumps are used principally to circulate oil in machine tools, for the purposes of lubrication and cooling.

NOP in brief

2 production sites	Market leader in Japan for trochoid pumps, water pumps and hydraulic motors		Approx. 230 employees
¥5.5 billion in sales in 2016	18.6% EBITDA margin(1)	Stake held by Wendel: 97.7%	Amount invested by Wendel:(2) ¥3.3 billion in 2013

(1) EBITDA and adjusted operating income excluding management fees and the impact of goodwill allocation.
(2) Amount of equity invested by Wendel as of December 31, 2016, for the stake held at that date.

Why did we invest in NOP?

Founded 97 years ago, Nippon Oil Pump leads the Japanese market for the design, development and manufacture of trochoid pumps, water pumps, and hydraulic motors and has worldwide leadership positions in the trochoid pump segment. Its products are used principally to circulate oil in machine tools, for the purposes of lubrication and cooling. The group has strong competitive advantages, including:

- unique R&D and product innovation know-how, enabling NOP to meet the detailed specifications of machine tool manufacturers;
- a strong brand and customer confidence, illustrated by its leadership positions in Japan;
- a flexible industrial model, allowing NOP to provide quality customer service (e.g. short delivery periods);
- significant barriers to entry, due to the high penetration rate of NOP's products in the installed fleet of machine tools in Japan and the lengthy procedures required to obtain referencing with customers.

The group's development is based on markets offering significant long-term growth, such as the continued industrialization of emerging markets and the modernization of machine tool fleets to keep pace with constant innovation.

Wendel's investment in NOP is its first direct investment in Japan since opening an office there in 2008. Although small, the size of this investment corresponds to Wendel's strategy in Japan: build a reputation over time as a long-term investor with a three-century industrial heritage. NOP enjoys a solid business base underpinned by strong leadership positions in Japan and offers significant scope for international growth, which Wendel intends to support, in particular with the help of its teams at Wendel Japan.

Highlights of 2016

NOP posted sales of ¥5,534 million in 2016, up 3.2% overall. Organic growth was 4.2% and exchange rate fluctuations had a negative impact of 1.0%.

While the historic Trochoid segment grew slightly, sales of Vortex pumps surged 72% compared with the previous year. This is a key product for NOP's international growth, in particular in Germany and India where the company opened offices in 2015. More globally, overseas sales saw a fresh kick start in Europe and India, albeit compensated by a setback in East Asia.

To restore profitability, NOP management has implemented a very strict cost control policy that has yielded an improved gross margin thanks to COGS reduction programs and a 7.1% decrease in SG&A. In total, it has resulted in a ¥1,029 million EBITDA in 2016, up 58.7% from last year, and an 18.6% margin vs. 12.1% the year before.

Finally, there was a change in management, as Toshihiko Shirabe, the former Vice-President for Japan, Korea and Greater China at Lloyd's Register, replaced Masato Nakao as CEO of NOP.

Outlook for development

The group's development is based on four main strategic pillars:

- ongoing product innovation, such as the development and launch of its new Vortex pump range enabling end users to achieve considerable savings in terms of space and maintenance costs;
- continued optimization of its operating structure to implement increasingly flexible and responsive manufacturing processes and to further improve customer service (shorter delivery periods);
- development of sales in nearby regions with high growth potential (Taiwan and India) and in Europe, where the group opened its first office in 2015;
- targeted acquisitions and partnerships to support the group's business development.

The implementation of these strategic plans, combined with NOP's recognized know-how in Japan and rigorous financial management, will enable the group to replicate its successful business model internationally, while consolidating its leadership positions in Japan.

In millions of yen	**2016**	**2015**	**Δ**
Net sales	5,534	5,363	+3.2%
EBITDA[1]	1,029	648	+58.8%
as a % of net sales	*18.6%*	*12.1%*	*+650 bps*
Net financial debt	3,308	3,747	¥-439M

(1) EBITDA and adjusted operating income excluding management fees and the impact of goodwill allocation.

Top management

Masato Nakao, CEO until March 17, 2017

Toshihiko Shirabe, CEO from May 15, 2017

Makoto Kawada, Non-executive Chairman

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

Wendel's involvement

Board of Directors: Makoto Kawada, Shigeaki Oyama, Bruno Fritsch, Bernard Gautier, Patrick Tanguy

1.7.13 CSP Technologies

CSP Technologies, a global provider of custom polymeric solutions and specialty protective packaging

CSP Technologies (“CSP”) designs and manufactures patented packaging solutions for moisture- and/or oxygen-sensitive products in the healthcare industry and has a growing presence providing packaging solutions for the food and consumer end-markets. The company is the global leader in diabetes test strip packaging (desiccant plastic vials and containers), supported by its Six Sigma level production quality.

CSP Technologies in brief

3 manufacturing plants in the United States and France	Approx. 400 employees	Over 300 global patents	Global leader in diabetes test strip packaging vials
Adjusted EBIT of $30.9 million in 2016(1)	$126.7 million in sales in 2016	Stake held by Wendel: 98.3%	Amount invested by Wendel:(2) $228 million since January 2015

(1) Excluding the impact of goodwill allocation.
(2) Amount of equity invested by Wendel as of December 31, 2016, for the stake held at that date.

Why did we invest in CSP Technologies?

On December 4, 2014, Wendel entered into exclusive negotiations with a view to acquiring CSP Technologies and closed the transaction end-January 2015 at an enterprise value of $360 million. CSP Technologies is a global provider of custom polymeric solutions and of specialty protective packaging. The company is the world’s leading manufacturer of plastic vials used for storing diabetes test strips, owing to its patented technology for plastic desiccant vials.

CSP Technologies was founded in 1928 as a milk bottling and distribution business, and, beginning in 1983, transitioned to become a leading specialty packaging provider. CSP focuses on the healthcare, food, and consumer markets, where customers require highly customized, Six Sigma quality solutions for their moisture and/or oxygen sensitive products. CSP Technologies operates from two manufacturing plants in Auburn, Alabama (United States) and Niederbronn, Alsace (France) and also has an assembly line in Atlanta, Georgia (United States). The company employs around 400 people.

This investment, advised by Wendel North America one year after its launch in New York, capped more than a year of active dialogue with CSP’s founder and management team. The investment fully aligns with Wendel’s priorities. CSP Technologies is a global leader; an integral part of the industrial landscape in Alabama and Alsace; operates worldwide; and is supported by long-term trends. CSP’s management team has established a long track record of consistent growth by focusing its efforts on quality and innovation, bringing the company significant potential to expand to new markets and geographies.

Healthcare & Diagnostics

The healthcare and diagnostics segments represent approximately three-quarters of CSP’s revenue. CSP is the leading supplier of vials for blood glucose test strips used by people with diabetes. It is also the leading supplier of aseptic vials for the dairy industry in the US and Western Europe. Lastly, CSP produces active and inactive vials and films specifically tailored for a range of applications in the pharmaceutical industry (probiotics, biopharmaceuticals, vitamin supplements, etc.).

CSP’s key customers include the "Big Four" global pharmaceutical companies in the blood glucose test strip market and other leading global pharmaceutical companies. These customers operate in highly-regulated markets and have come to depend on CSP’s best-in-class product functionality, quality, and reliability.

Food & Other

As a result of its acquisition of Maxwell Chase in 2016, CSP became a leader in active packaging for fresh fruit and vegetables. This type of packaging extends shelf life and improves food safety via moisture-controlling trays and bags.

CSP Technologies also produces innovative packaging for the confectionery and beverage sectors. CSP has been the sole supplier of packaging vials for a major global confectionary maker for 20 years. CSP is also a differentiated supplier of travel cups, tumblers, and children’s spill-proof cups for promotional activities in the US. CSP continues to develop its expertise in protective packaging solutions utilizing the company’s advanced polymeric capabilities, while reaching out to new customers and new geographic markets.

Manufacturing Operations and Intellectual Property

CSP has invested more than $125 million in its two state-of-the-art manufacturing facilities in Auburn (United States) and Niederbronn (France), including more than $20 million to develop and install proprietary Vial Inspection Machines (VIM) that inspect 100% of desiccant vials prior to shipment. These facilities provide CSP the ability to manufacture a superior product with unmatched quality that is even above Six Sigma quality standards.

Customers work with CSP's world-class engineers and scientists to jointly develop new products that exactly meet their needs. As a result, CSP has obtained over 300 patents worldwide to protect its product designs and manufacturing processes.

Highlights of 2016

CSP Technologies posted sales of $126.7 million in 2016, representing total growth of 19.0%. Organic growth was 4.9%, driven mainly by the Healthcare & Diagnostics segment and penetration of new markets. External growth during the first half totaled 14.0%, reflecting consolidation of Maxwell Chase from mid-March 2016.

CSP generated adjusted EBIT(1) of $30.9 million in 2016, or 24.4% of sales. In addition to the aforementioned commercial growth, 2016 EBIT margin also benefited from the recognition of deferred revenues tied to deployment of a specific capital project, which is not expected to recur.

In March 2016, CSP Technologies finalized the acquisition of Maxwell Chase Technologies ("Maxwell Chase"), its first acquisition since Wendel's initial investment in January 2015. Maxwell Chase produces absorbent and non-absorbent packaging solutions for the agri-food industry. It represents a significant platform for further expansion into the food industry, in line with CSP's diversification and growth strategy. The integration of Maxwell Chase is proceeding according to plan. Wendel has supported CSP in this strategic acquisition by making an additional investment of ca. $29 million. Wendel's equity investment in CSP Technologies now totals $228 million.

Finally, on March 2, 2017, CSP announced that it had repriced and upsized its "Term Loan B" facility. As part of the transaction, the size of the existing Term Loan was increased by $12 million to a total of $178 million, and the interest rate was reduced by 75 basis points to Libor +525 bps. Proceeds from the incremental Term Loan were used to repay outstanding borrowings on the existing $25 million revolving credit facility. As a result of the transaction, CSP expects to reduce its annual interest expense by approximately $1.3 million. As of December 31, 2016 CSP's net debt equaled $176.4 million.

Outlook for development

The following pillars are expected to support continued growth in the future:

- organic growth generated by its existing products in addition to potential for long-term growth driven by the increased use of blood glucose test strips in developed countries and the rising prevalence of diabetes in emerging markets;
- ability to utilize its sales force and R&D teams to offer new specialized packaging solutions to existing customers;
- development of polymer packaging solutions adapted to new end markets encountering quality and protection issues;
- selective acquisition of companies that offer the same level of quality, technological advancement and engineering expertise to customers.

In millions of dollars	2016	2015 (1)	Δ
Net sales	126.7	106.5	+19.0%
EBIT(2)	30.9	20.5	+50.7%
as a % of net sales	*24.4%*	*19.2%*	*+520 bps*
Net financial debt	176.4	166.6	$+9.8 million

(1) 12-month figures in accordance with IFRS, including adjustment for the period January 1-28, 2015.
(2) Before restatement of goodwill allocation, non-recurring items and management fees.

(1) Before restatement of goodwill allocation, non-recurring items and management fees.

Top management

John Belfance, Chairman and CEO

Wendel's involvement

Board of Directors of CSP Technologies: Bernard Gautier, David Darmon, Adam Reinman, Patrick Tanguy, Jean-Yves Hémery, and Mel Immergut.[1]

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

(1) Advisory Board member.

1.7.14 SGI Africa

SGI Africa, a pioneer in African commercial real estate

SGI Africa develops and operates shopping centers primarily through the PlaYce brand. The company opened its first PlaYce shopping center in Côte d'Ivoire at the end of 2015 (PlaYce Marcory, Abidjan) and aims to expand into seven other West and Central African countries: Cameroon, Republic of the Congo, Nigeria, Ghana, Gabon, Senegal, and the Democratic Republic of Congo. Over the next five to seven years, SGI Africa plans to build and then operate around 20 shopping centers, each including a Carrefour hypermarket or supermarket, as well as a portfolio of brands under franchise to CFAO (in its "Club of Brands").

SGI Africa in brief

One shopping center opened in Abidjan	Development in 8 African countries	Around 20 shopping centers going forward	Around €500 million investment planned in the next five to seven years
Several ongoing projects in Abidjan, Douala, and Yaoundé	Around 15,000 square meters of commercial floor space	Stake held by Wendel: 40%	Amount invested by Wendel:(1) €25 million in July 2016, up to €120 million progressively over the next 5-7 years

(1) Amount of equity invested by Wendel as of December 31, 2016, for the stake held at that date.

Why did we invest in SGI Africa?

The economic development of the African continent in the last 15 years has gone hand-in-hand with the emergence of a middle class increasingly seeking new kinds of consumption. New means of distribution have emerged alongside traditional distribution channels, and large shopping centers are increasingly popular and sought after by the local population.

SGI Africa was established by CFAO in 2015 to support the plan to develop the Carrefour brand and the "Club of Brands", under exclusive franchise to CFAO, in Africa.

SGI Africa is Wendel's third investment platform in Africa. This investment in commercial real estate allows Wendel to access long-term trends on the African continent including a growing economy and middle class, and modern distribution channels, as well as giving the Company the opportunity to work with a partner – CFAO – whose experience in Africa is unrivaled.

The progressive nature of SGI Africa's project will require its shareholders to invest regularly to support its growth. Wendel will gradually invest, through Oranje-Nassau Développement, up to €120 million in SGI Africa over the next few years.

PlaYce Marcory (Abidjan)

The PlaYce Marcory shopping center in Abidjan, which was opened in December 2015, houses the first Carrefour store in West Africa. With a total floor area of 20,000 square meters (of which around 15,000 are retail area), PlaYce Marcory houses a 3,200 square meter Carrefour hypermarket, a shopping mall with 55 retail outlets, and a food court with more than 400 seats.

The 55 retail outlets in the shopping mall include both African and international brands. These latter include the "Club of Brands", a portfolio of 15 major international brands looking to develop in Africa. The 40 retail outlets that complete the shopping mall's retail offering are local and regional brands, which benefit from this new lifestyle and consumption space.

PlaYce Marcory is the showcase for a new generation of shopping centers in Africa that offer a one-stop destination with greater choice, modernity, and attractiveness.

Highlights of 2016

On June 28, 2016 Wendel and CFAO announced their joint ownership in SGI Africa. SGI Africa's shareholders are Wendel (40% of the capital), CFAO (40%), and FFC (partnership between CDC International Capital and Qatar Investment Authority, 20%). SGI Africa will have access to around €500 million, financed by shareholders' equity and bank debt, to build around 20 shopping centers in eight African countries (Côte d'Ivoire, Cameroon, Republic of the Congo, Nigeria, Ghana, Gabon, Senegal, and the Democratic Republic of Congo).

In the context of this development, SGI Africa has launched the construction of a second shopping center in Côte d'Ivoire and two shopping centers in Cameroon, located in Douala and Yaoundé.

Outlook for development

SGI Africa aims to open around 20 new shopping centers in eight African countries, two of which are expected to open in 2017.

Top management

Xavier Desjobert, Chairman

Wendel's involvement

Board of Directors of SGI Africa: Stéphane Bacquaert, Stéphane Heuzé

1.7.15 Tsebo*

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

Tsebo is a pan-African company with around 35,000 employees in 23 countries and offering a wide array of high value-added, state-of-the-art services 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

Present in 23 countries in Africa	35,000 employees	7,000 client sites across various industries	Homegrown African leader in corporate services
EBITDA: ZAR 507 million in 2016(1)	Net sales: ZAR 6,333 million in 2016(1)	Stake held by Wendel: 65%(2)	Amount invested by Wendel: €159 million in January 2017(3)

(1) Full Year ending March 31, 2016.
(2) % ownership before co investment from Tsebo's management for a stake of around 2.5%.
(3) 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 an unrivalled pan-African enterprise. As market leader, Tsebo now offers contracted services 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 3,000 clients across a number of 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 multi-national corporations operating in Africa to outsource non-strategic – yet essential – activities outside of their expertise, in order to focus on their core business. Tsebo is a "homegrown" African success story with 45 years of operating experience in Africa, delivering international quality standards to a diversified client base, in 23 countries. This company is perfectly in line with Wendel's strategy in Africa, with a strong potential for growing organically and through acquisitions. Tsebo enjoys a very diversified & 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 8 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.

** Company purchased on January 31, 2017.*

- 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 2016

Wendel announced on September 19, 2016 that it had signed an agreement with Rockwood Private Equity and other minority shareholders to acquire Tsebo Solutions Group. On December 20, 2016, Wendel signed an agreement whereby Capital Group Private Markets, an experienced emerging markets private equity affiliate of the Capital Group Companies, a leading global investment management organization with over 85 years of asset management experience, would become a significant minority shareholder in Tsebo. On January 31, 2017 Wendel obtained all regulatory approvals and completed the acquisition of 65%(1) of the share capital of Tsebo Solutions Group.

Outlook for development

Thanks to its commanding position as pan-African leader, with the largest footprint in the industry, Tsebo will benefit from strong growth drivers:

- Africa is one of world's fastest-growing regions, underpinned by strong long-term fundamentals, including favorable demographics and urbanization trends;
- diversified sales achieved in more than 20 African countries and on different end-markets;
- a strong pipeline of commercial opportunities, which will boost medium-term sales with existing clients or attract new clients;
- a solid M&A track-record and good acquisition pipeline.

In millions of South African rand	2016(1)
Net sales	6,333
EBITDA	507
as a % of net sales	8.0%
Net financial debt	n.a.

(1) Full Year ending March 31.

Top management

Clive Smith, CEO

Wendel's involvement

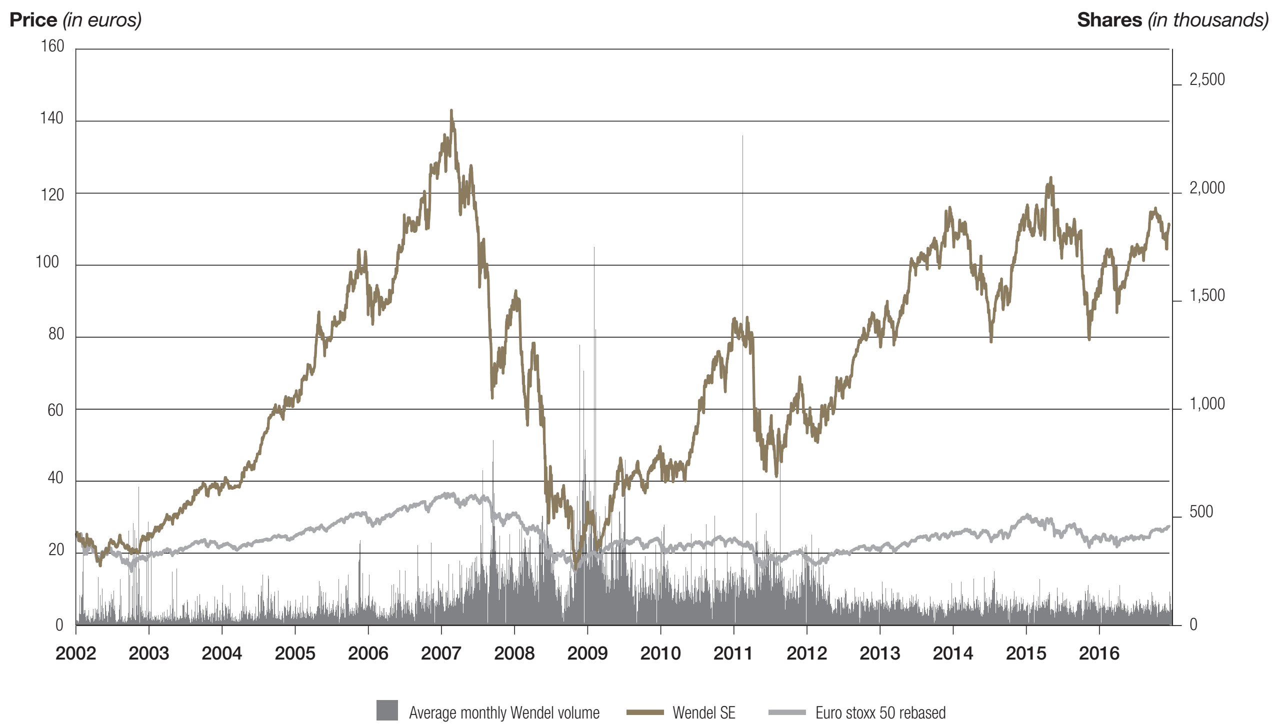
Board of Directors: Stéphane Bacquaert, Stéphane Heuzé, Claude Kamga, Benoit Drillaud

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

(1) % ownership before co-investment from Tsebo's management for a stake of around 2.5%.

1.8 Shareholder information

1.8.1 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

Source: FactSet

Reinvested dividend performance from June 13, 2002 to March 10, 2017	Total returns for the period	Annualized return over the period
Wendel	507.1%	13.0%
Euro Stoxx 50	64.8%	3.5%

Share references

Listing market: EUROLIST SRD, Compartment A (Blue Chips)

ISIN code: FR0000121204 Code Bloomberg: MF FP

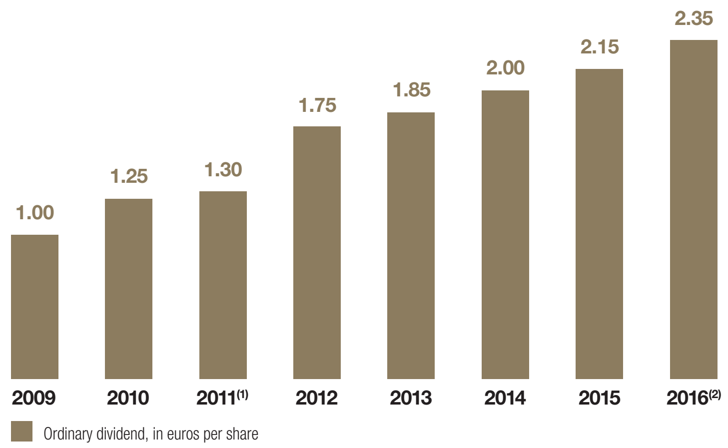
Reuters code: MWDP. PA
Abbreviation: MF

Indices: CAC AllShares, Euronext 150, SBF120, SBF250, STOXX® Europe, EURO STOXX®, STOXX® Europe Private Equity 20, STOXX® Europe Strong Style Composite 40, STOXX® Europe Strong Value 20, LPX 50, EN Family Business.

Quota: 1 share/PEA: Eligible/SRD: Eligible/Par value: €4/Number of shares outstanding: 47,092,379 as of December 31, 2016.

1.8.2 Dividends

Ordinary dividend, in euros per share

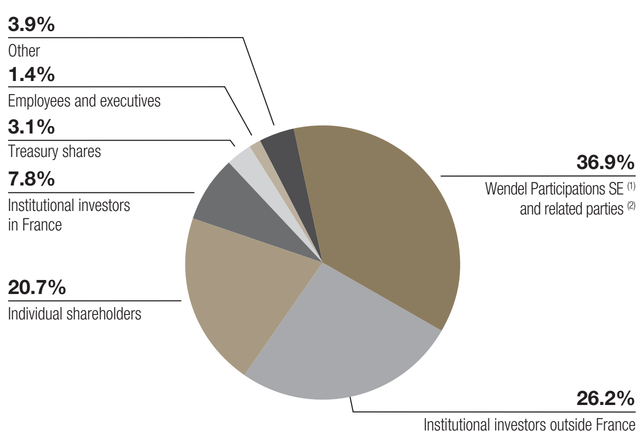


(1) The 2011 ordinary dividend included an exceptional distribution of 1 Legrand share for every 50 Wendel shares held.

(2) The 2016 dividend is subject to shareholder approval at the Annual Shareholder's Meeting on May 18, 2017.

1.8.3 Shareholders

As of December 31, 2016



(1) Pursuant to Article L. 233-10 of the French Commercial Code, the figures include Wendel-Participations and its Chairman.

1.8.4 Shareholder relations

Wendel's constant and in-depth dialogue with all of its shareholders is an intrinsic component of our value-creation approach. A number of initiatives have been taken to meet the needs of individual and institutional investors and interact with them.

In 2016, the Wendel Group pursued its communications policy dedicated to the more than 31,500 individual shareholders who represent 20.7% of its capital.

The Shareholders Advisory Committee, set up in 2009, is consulted regarding all communications addressed to shareholders. Wendel values the committee's recommendations and advice highly, as they help shareholders understand our business better and help us provide an attractive, simplified presentation of our activities. The committee met three times in 2016 and one of its members was replaced. Since June 2015, the Shareholders Advisory Committee has comprised nine members.

To make it easier to access Company information, Wendel completely redesigned its website in 2015, opened a Twitter account, and modernized all of its communication tools. All of the resources for shareholders can be viewed on the "Individual shareholders" pages of Wendel's website, which was completely reworked in 2016 to further improve access to information: letters to shareholders, press releases, the registration document, a calendar of key dates, and more.

The Group again took part in Actionaria, a trade show bringing companies and shareholders face to face, held in Paris in November 2016.

For institutional investors, Wendel has organized a series of roadshows every year since 2009. Some of these roadshows are intended specifically for bond investors. During these campaign periods, the Executive Board members and the CFO meet prominent investors and asset managers, shareholders and non-shareholders alike, who are interested in the Wendel Group. The rest of the year, Wendel takes part in various events organized by brokers who cover Wendel.

In 2016, the Investor Relations team, the members of the Executive Board, and the Chief Financial Officer participated in 22 different roadshows and investor conferences in France, the United Kingdom, Germany, Switzerland, Italy, Finland, Denmark, the United States, Canada, Japan, and Singapore, enabling them to meet more than 230 stock and bond investors.

2017 Calendar

Shareholders' Meeting, publication of NAV, and trading update	Thursday May 18, 2017
Publication of first-half 2016 earnings (pre-market release)	Thursday, September 7, 2017
Investor Day, publication of NAV, and trading update (pre-market release)	Thursday November 30, 2017

Contacts

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Olivier Allot,

Director of Financial Communication

e-mail: o.allot@wendelgroup.com

1.8.5 Trading in Wendel shares

Date	Average closing price 1 month	Intraday high	Intraday low	Average daily trading volume
January 2014	104.72	107.90	99.55	6,992,294
February 2014	104.86	108.90	98.25	5,197,135
March 2014	111.81	116.20	105.00	8,706,018
April 2014	109.69	114.90	105.00	8,379,951
May 2014	109.75	113.25	107.00	8,366,000
June 2014	108.61	112.50	103.60	7,251,077
July 2014	100.46	106.90	96.54	8,238,385
August 2014	96.81	102.85	91.19	6,424,272
September 2014	93.65	97.67	89.48	7,897,726
October 2014	84.08	89.98	76.20	9,968,689
November 2014	91.48	95.29	86.95	7,062,255
December 2014	92.21	96.50	86.50	6,370,964
January 2015	93.82	100.30	88.69	7,415,525
February 2015	104.22	109.40	99.25	7,251,542
March 2015	111.21	114.35	107.50	7,822,573
April 2015	112.86	117.00	107.75	7,598,007
May 2015	111.54	117.15	106.00	7,810,563
June 2015	112.13	116.70	106.60	8,677,478
July 2015	117.42	123.75	107.10	9,227,921
August 2015	118.01	124.95	103.50	7,558,028
September 2015	109.06	116.70	100.90	8,330,657
October 2015	107.65	111.95	103.30	7,080,894
November 2015	109.44	112.95	105.15	5,298,928
December 2015	107.81	114.45	102.30	7,400,277
January 2016	94.91	109.00	88.56	9,764,461
February 2016	85.20	92.49	78.14	7,276,765
March 2016	91.30	95.75	87.28	5,890,458
April 2016	97.77	102.65	91.78	6,369,823
May 2016	103.38	105.45	99.15	6,654,311
June 2016	96.98	104.10	86.40	7,707,213
July 2016	93.31	96.39	88.00	5,838,726
August 2016	97.85	102.45	93.34	4,831,619
September 2016	103.57	106.00	101.25	7,170,846
October 2016	104.44	106.40	102.80	6,677,389
November 2016	105.58	109.30	99.75	7,461,449
December 2016	113.48	115.45	108.25	8,407,028
January 2017	113.26	116.70	109.50	6,853,336
February 2017	108.25	112.65	103.95	6,968,084
March 2017	112.48	118.85	104.90	9,269,370

Source: Euronext.

1.8.6 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 28 of EC regulation 809/2004, the following information is included by reference in this registration document:

- the key figures on page 2 as well as the consolidated financial statements and corresponding audit report on pages 175-258 of the 2014 registration document filed with the AMF on April 15, 2015 under number D. 15-0349;
- the key figures on page 2 as well as the consolidated financial statements and corresponding audit report on pages 221-315 of the 2015 registration document filed with the AMF on April 8, 2016 under number D. 16-0308.

The unincluded parts of these documents either do not apply to investors or are covered in a section of this 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 since January 1, 2016:

03/23/2017: BASF Leather Chemicals business to become part of the Stahl Group

03/23/2017: Wendel 2016 Full-Year Results

03/03/2017: Bureau Veritas acquires Schutter Group as part of its global agri-food strategy

03/02/2017: CSP Technologies completes repricing of its Term Loan B facility

03/01/2017: Constantia Flexibles acquires Italy's leading dairy lidding company

02/27/2017: Wendel is in the new Euronext® Family Business index

02/06/2017: Allied Universal picks up Security Services Division of Yale Enforcement

02/01/2017: Simplification of IHS's capital structure

02/01/2017: Wendel has finalized the acquisition of 65% of the capital of Tsebo

01/19/2017: Bureau Veritas acquires SIEMIC, a specialist in electronic equipment in Silicon Valley and Asia

01/04/2017: Wendel welcomes Capital Group Private Markets as co-investor in Tsebo

12/01/2016: Investor Day 2016: Wendel presents its strategic orientation for 2017-20

12/01/2016: Sales and net asset value up over the first nine months of the year

11/23/2016: Stahl acquires the Eagle Performance Products business

11/14/2016: Allied Universal purchases Canada's Source Security & Investigations

11/09/2016: IHS Netherlands Holdco B.V. successfully issued $800m in a 5-year bond

10/18/2016: Full success of offer to repurchase bonds for a total amount of €635 million

10/11/2016: Successful issue of €300 million in a 6.5-year bond bearing interest at 1%

10/11/2016: Wendel continues to optimize the maturity and reduce the cost of its debt

10/05/2016: Constantia Flexibles strengthens position in European pharmaceutical packaging market

10/04/2016: Allied Universal adds FJC Security as latest acquisition

09/26/2016: Allied Universal expands with acquisition of Apollo International Security

09/23/2016: Constantia Flexibles successfully reprices Term Loan B

09/19/2016: Wendel has signed an agreement with a view to acquiring Tsebo, the leading pan-African facilities services provider

09/08/2016: Results of first-half 2016: Wendel's principal assets performed well, vigorous investment activity and strengthened financial structure

08/01/2016: AlliedBarton and Universal Services of America finalize merger, creating the leading security services company in North America

07/29/2016: Wendel announces the finalization of the acquisition of 40% of the capital of SGI Africa

07/25/2016: Wendel cancels 2% of its share capital as part of its share buyback program

06/28/2016: Wendel makes its first investment in the African shopping malls sector by acquiring a stake in SGI Africa

06/14/2016: Claude Ehlinger joins Wendel

06/13/2016: Full success of offer to repurchase €400 million of bonds

06/06/2016: Wendel launches an offer to repurchase its bonds due in August 2017, April 2018, and September 2019

06/03/2016: Combined Ordinary and Extraordinary Annual General Meeting 2016 - All resolutions are adopted

06/01/2016: Information published on the occasion of the 2016 Annual Meeting of Shareholders

05/26/2016: Constantia Flexibles sells folding carton business in Mexico

05/04/2016: Wendel announces the completion of the sale of 5.3% of Saint-Gobain's share capital and the successful issue of a ca. €500 million exchangeable bond

05/03/2016: Wendel pursues its shift towards unlisted assets and expresses its confidence in Saint-Gobain

05/03/2016: Finalization of the sale of Parcours

05/03/2016: AlliedBarton Security Services and Universal Services of America to merge to create leading security company in North America

04/27/2016: Constantia Flexibles strengthens its global presence in Asia

04/18/2016: Bureau Veritas becomes the market leader in Australia for food testing with Dairy Technical Services

04/11/2016: Availability of the 2015 registration document

04/04/2016: Reappointment of François de Wendel, Chairman of Wendel's Supervisory Board

03/31/2016: Increase in consolidated sales, net income from operations, and Net Asset Value in 2015

03/16/2016: CSP Technologies to acquire Maxwell Chase Technologies

03/15/2016: Lodewijk de Vink joins Wendel North America as Senior Advisor

03/11/2016: IHS and HTN Towers agree the first mobile infrastructure consolidation in Africa

02/17/2016: Wendel opens exclusive negotiations with ALD Automotive (Société Générale Group) with a view to selling Parcours

2 CORPORATE GOVERNANCE

This "Corporate governance" section includes the report of the Chairman of the Supervisory Board on corporate governance and internal control prepared pursuant to Article L. 225-68, paragraph 7 of the French Commercial Code. The Chairman's report also includes the sections pertaining to Annual Meeting procedures and the information required under Article L. 225-100-3 of the French Commercial Code, which can be found in section 7, "Information on the Company and share capital". This report was approved by the Supervisory Board at its meeting of March 22, 2017, after review by the Audit and Governance Committees.

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, the rules of ethics that apply to them and the compensation paid to corporate officers.

2.1.1 The Executive Board and its operations

2.1.1.1 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 composed of two members. Since April 7, 2009, they have been Frédéric Lemoine, Chairman, and Bernard Gautier. At its meetings of March 27, 2013 and October 20, 2016, the Supervisory Board renewed the terms of Messrs. Lemoine and Gautier as members of the Executive Board for four years. These appointments took effect on April 7, 2013 and on April 7, 2017. The Board reappointed Mr. Lemoine as Chairman of the Executive Board.

Executive Board members, with the exception of its Chairman, may have an employment contract with the Company that remains in force during and after the member's term on the Executive Board. This is the case for Mr. Gautier (see section 2.1.7.8 "Position of executive corporate officers with respect to Afep-Medef recommendations"). Conversely, Mr. Lemoine, 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.

If an Executive Board member becomes unavailable, another Executive Board member can bridge the transition period until the Supervisory Board makes a new appointment.

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

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

To the best of the Company's knowledge, as of the date of issue of this document, no member of the Executive Board has in the past five years: (i) been convicted for fraud or formally accused or publicly sanctioned by the judiciary or government agencies; (ii) been involved in bankruptcy, the sequestration of assets or liquidation; (iii) been prevented by a court from acting as a member of a corporate, executive or supervisory body of an issuer or being involved in the management or the running of the business of an issuer.

Conflicts of interest, family ties and service contracts

Frédéric Lemoine and Bernard Gautier hold directorships in some of the Group's subsidiaries and associated companies.

To the best of the Company's knowledge, as of the date of issue of this 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 2.1.6.6.

Frédéric LEMOINE

Chairman of the Executive Board

Date first appointed to the Executive Board: April 7, 2009

Current term expires on: April 7, 2021

Born on June 27, 1965

French nationality

Business address:
Wendel
89, rue Taitbout
75009 Paris
France

Career path:

Frédéric Lemoine is a graduate of the HEC business school (1986) and of the Institut d'études politiques de Paris (1987). He is an alumnus of the École Nationale d'Administration ("Victor Hugo" class) and an Inspecteur des finances. In 1992-1993, he was head of the Institut du Cœur of Ho Chi Minh-City, Vietnam for a year, and from 2004 to 2011 he was General Secretary of the Fondation Alain Carpentier, which supported this hospital. From 1995 to 1997, he was deputy chief of staff of the Minister of Labor and Social Affairs (Jacques Barrot), in charge of coordinating reform of the national health insurance system and hospital reform. At the same time he was a chargé de mission with the Secretary of State for Healthcare and the National Health Insurance system (Hervé Gaymard). From 1997 to 2002, he was Delegated CEO, then CFO under Serge Kampf and the Executive Board of Capgemini, before being named Group VP in charge of finance of Capgemini Ernst & Young. From May 2002 to June 2004, he was the deputy General Secretary of French President Jacques Chirac, in charge of economic and financial affairs and other areas.

From October 2004 to May 2008, he was a Senior Advisor to McKinsey. From March 2005 to April 2009, he was Chairman of the Supervisory Board of Areva.

He is also a member of the Board of Directors of Insead and a member of the Board of Chairman of the Executive Board Directors of the Centre Pompidou-Metz.

He is an Officer of the National Order of Merit and a Knight of the National Order of the Legion of Honor.

Appointments as of December 31, 2016:

Wendel Group:
Listed companies:

Vice-Chairman of the Board of Directors of Bureau Veritas (since March 8, 2017)

Director of Saint-Gobain

Unlisted companies:

Chairman of the Supervisory Board of Constantia Flexibles and of the Board of Directors of Constantia Lux Parent SA

Chairman of the Board of Directors of Trief Corporation SA and permanent representative of Trief Corporation SA on the Boards of some of its Luxembourg subsidiaries

Chairman of the Supervisory Board of Oranje-Nassau Groep BV

Director of Winvest Conseil SA

Other appointments: none

Appointments expired in the last five years:

Chairman of the Board of Directors of Bureau Veritas (2013-2017)

Vice-Chairman of the Board of Directors of Bureau Veritas (2009-2013)

Director of Legrand (2009-2013)

Director of Groupama (2005-2012)

Number of Wendel shares held as of December 31, 2016: 160,911

Bernard GAUTIER

Member of the Executive Board

Date first appointed to the Executive Board: May 31, 2005

Current term expires on: April 7, 2021

Born on June 6, 1959

French nationality

Business address:
Wendel
89, rue Taitbout
75009 Paris
France

Career path:

He is an alumnus of the École supérieure d'électricité. After serving as Chairman in 1981 of the National Confederation of Junior Companies, he began his career by creating a media company, AG Euromedia. From 1983 to 1989, he was a consultant and then a director of studies at Arthur Andersen (which later became Accenture) in the industry media-press and services sectors. He joined Bain & Co. strategy consultants, where he became a Partner in 1995 and then a Senior Partner in 1999, responsible for Telecom, Technologies and Media in Europe and a member of the International Board of Directors, with major industrial groups and the largest investors in Europe as clients. He acquired direct investment experience with venture capital fund Atlas Venture, where he was Senior Partner and manager of the Paris office from 2000 to 2003. He joined Wendel in 2003 and was appointed a member of the Executive Board in 2005.

Appointments as of December 31, 2016:

Wendel Group:
Listed companies:
Director of Saint-Gobain

Unlisted companies: Director of Stahl Parent BV, Stahl Group SA, Stahl Lux 2 SA, Stichting Administratiekantoor II, Stahl Group II, and member of the Management Board of Materis Luxembourg Sàrl

Director of Trief Corporation SA

Director and Chairman of Winvest International SA Sicar, of Oranje-Nassau Développement SA Sicar, of Global Performance 17 SA Sicar and Expansion 17 SA Sicar and of Winvest Conseil SA

Director of Wendel Japan KK and of IHS holding Ltd

Chairman of CSP Technologies Parent SA

Vice-Chairman of Constantia Flexibles GmbH

Director of Constantia Lux Parent SA and of Materis SAS

Chairman of Sofisamc

Appointments expired in the last five years:

Manager of CSP Technologies Sàrl (2015)
Manager of Materis Parent
Director of Communication Media Partner (2013)
Vice-Chairman of the Board of Directors of Deutsch Group SAS (2012)

Number of Wendel shares held as of December 31, 2016: 91,727

2.1.1.2 The Executive Board and its 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 24 times in 2016.

During each of its meetings, it discussed the following issues:

- investment and divestment opportunities, including:
  - finalization of the sale of Parcours,
  - finalization of an additional investment in IHS Holding,
  - sale of a 5.3% stake in Saint-Gobain,
  - the merger of AlliedBarton Security Services and Universal Services of America,
  - the acquisition of a 40% stake in SGI Africa,
  - acquisition of Tsebo,
  - numerous investment opportunities, including three that resulted in firm offers;
- the Group's financial position;
- subsidiaries and investments and their acquisitions and divestments, such as:
  - acquisitions made by Bureau Veritas, IHS, CSP Technologies, Constantia, Allied Universal, and Stahl,
  - a divestment made by Constantia Flexibles in Mexico.

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

- the Company's overall strategy and positioning;
- ongoing financial transactions, which in 2016 included:
  - issuance of bonds exchangeable for Saint-Gobain shares in May,
  - a bond issue in October;
- account closings and periodic financial information;
- share and bond repurchases;
- a 2% capital reduction in July;
- financial communication issues:
  - net asset value,
  - roadshows,
  - Investor Day;
- internal organization and labor issues:
  - organization of teams,
  - ethics and the Company's compliance program,
  - 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 Annual Meeting,
  - insurance and pension plans;
- Group governance and the preparation of the Executive Board's quarterly reports to the Supervisory Board;
- disputes and litigation in progress;
- the renewal of Wendel's sponsorship agreement (as a Founding Sponsor) with Centre Pompidou Metz for a term of five years;
- support for the Wendel International Center for Family Enterprise (at Insead business school);
- preparation of the Annual Shareholders' Meeting.

2.1.2 The Supervisory Board and its operations

2.1.2.1 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. The term of their appointment is four years. They can be re-appointed. However, to avoid having to reappoint the entire Supervisory Board at once, reappointments were staggered beginning in 2005, following the switchover to a dual governance structure and in accordance with Afep-Medef recommendation no. 14 as amended.

In its meeting of March 27, 2013, the Supervisory Board appointed François de Wendel as Chairman and Dominique Hériard Dubreuil as Vice-Chairwoman of the Supervisory Board. Ms. Hériard Dubreuil is also Chairwoman of the Governance Committee. The Vice-Chairwoman fulfills the same functions and enjoys the same prerogatives as the Chairman if the Chairman is unable to carry out his responsibilities or temporarily delegates his powers to the Vice-Chairwoman.

In 2016 the Supervisory Board was composed of 11 members appointed by shareholders at their Annual Meeting. In accordance with France's job protection act of June 14, 2013, and with the amendment to the Company's by-laws approved by shareholders at their Annual Meeting of June 6, 2014, the Company's Works Council appointed a 12th Supervisory Board member representing employees: Fabienne Porquier. She has been attending meetings since December 3, 2014. Consequently, since December 2014, only one Works Council member has attended Supervisory Board meetings, in a consultative role.

The expiry dates for the terms of each member as of December 31, 2016 were as follows:

- at the close of the 2017 Shareholders' Meeting:
  - Bénédicte Coste,
  - Priscilla de Moustier,
  - Édouard de l'Espée,
  - Laurent Burelle;
- at the close of the 2018 Shareholders' Meeting:
  - Dominique Hériard Dubreuil,
  - Guylaine Saucier,
  - Christian d'Oosthove.
- Fabienne Porquier, in November 2018;
- at the close of the 2019 Shareholders' Meeting:
  - Jacqueline Tammenoms Bakker,
  - Gervais Pellissier,
  - Humbert de Wendel;
- at the close of the 2020 Shareholders' Meeting:
  - François de Wendel.

Laurent Burelle, Bénédicte Coste, Édouard de l'Espée, and Priscilla de Moustier, whose terms expire at the close of the Shareholders' Meeting of May 18, 2017, have agreed to seek renewal of their terms. Christian d'Oosthove has expressed his wish to step down from the Supervisory Board at the close of the Shareholders' Meeting of May 18, 2017.

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% (i.e., five of its 11 members). As of the publication of this registration document, Wendel's Supervisory Board had five women: Dominique Hériard Dubreuil, Vice-Chairwoman of the Supervisory Board and Chairwoman of the Governance Committee, Guylaine Saucier, Chairwoman of the Audit Committee, and Jacqueline Tammenoms Bakker, as well as Bénédicte Coste and Priscilla de Moustier, whose term renewals will be proposed to shareholders at their Annual Meeting of May 18, 2017. In addition, two of the women on Wendel's Supervisory Board have non-French nationalities (one Canadian and one Dutch).

Supervisory Board members representing employees are not included in the calculation of the percentage of women on the Board, in accordance with French law.

If shareholders approve the proposed appointments at their Annual Meeting of May 18, 2017, and given that one Supervisory Board member is stepping down, Wendel's Supervisory Board will have 12 members, including five women, at the close of that Meeting. That will bring the percentage of women to 41.66%, consistent with legal requirements.

The number of Supervisory Board members more than 70 years old may not, after each year's Ordinary Annual 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.

2.1.2.2 Corporate management expertise and experience of Supervisory Board members, appointments held during the previous five years

François de WENDEL

Chairman of Wendel's Supervisory Board

Date appointed to first term: May 31, 2005

Current term expires on: Annual Meeting to be held in 2020

Born on January 13, 1949

French nationality

Business address:
Wendel
89, rue Taitbout
75009 Paris
France

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 Aluminium 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, 2016:

Wendel Group:
Chairman and CEO of Wendel-Participations SE* (unlisted company)

Other appointments:

Member of the Supervisory Board of Massilly Holding (unlisted company)

Chairman and CEO of Société Privée d'Investissements Mobiliers SA (unlisted company, Luxembourg)

Appointments expired in the last five years:

Director of Burelle SA and member of the Audit Committee (listed company) (2015)
Vice-Chairman of the Supervisory Board of Wendel (2013)

Number of Wendel shares held as of December 31, 2016: 77,693

Dominique HÉRIARD DUBREUIL

Vice-Chairwoman of Wendel's Supervisory Board

Chairwoman of the Governance Committee

Member of the Audit Committee

Independent member

Date appointed to first term: June 4, 2010

Current term expires on: Annual Meeting to be held in 2018

Born on July 6, 1946

French nationality

Business address:
Rémy Cointreau
21, boulevard Haussmann
75009 Paris
France

Career path:

Alumna of Assas law school (Paris) and the Institut des relations publiques.

Dominique Hériard Dubreuil worked in international public relations from 1970 to 1988, first at Havas Conseil, then at Oglivy & Mather, Hill & Knowlton and Mc Cann-Erikson, before creating her own agency, Infoplan, in 1978.

In 1990, she was named CEO of Rémy Martin, then in 1998 Chairman & CEO of Rémy Cointreau and was Chairman of the Board of Directors until 2012. She is currently a Director of Rémy Cointreau.

Appointments as of December 31, 2016:

Principal positions:
CEO and member of the Executive Committee of Andromède (unlisted company)
Chairwoman of E. Rémy Martin & Cie. (unlisted company)
Chairwoman of Cointreau (unlisted company)
Director of Rémy Cointreau (listed company)

Other appointments:
Director of Bolloré (listed company)
Director of Fondation de France
Director of the 2nd Chance Foundation
Director of the Colbert Committee and the Federation of Wine and Spirits Exporters (FEVS)

Appointments expired in the last five years:

Member of the Supervisory Board of Vivendi (listed company)
Chairwoman of the Board ofDirectors of Rémy Cointreau
Member of the Medef Executive Council, Director of Afep
Chairwoman of Vinexpo Overseas and Member of the Supervisory Board of Vinexpo SAS (unlisted companies)
Director of Inra

Number of Wendel shares held as of December 31, 2016: 1,500

Laurent BURELLE

Member of Wendel's Supervisory Board

Independent member

Date appointed to first term: May 28, 2013

Current term expires on:
Annual Meeting to be held in 2017

Born on October 6, 1949

French nationality

Business address:
Compagnie Plastic Omnium
1, allée Pierre-Burelle
92593 Levallois-Perret Cedex

Career path:

Mr. Burelle is a graduate of the Swiss Federal Institute of Technology in Zurich (ETH) and holds an MSc in Chemical Engineering from the Massachusetts Institute of Technology (MIT).

Compagnie Plastic Omnium: Manufacturing engineer, Assistant to the Langres factory manager (1975), CEO of Plastic OmniumIberica (1977), Chairman and CEO of Plastic Omnium Spain (1980) and then of Compania Plastic Omnium Spain (1981), Head of the Service department of Compagnie Plastic Omnium (1981-1988), Vice-Chairman and CEO (1987-2001), Chairman and CEO (since 2001).

Appointments as of December 31, 2016:

Principal positions:
Chairman and CEO of Compagnie Plastic Omnium SA (listed company)
Director and Deputy CEO of Burelle SA since 1986 (listed company).

Appointments in the Plastic OmniumGroup:

France:
Director of Burelle Participations SA
Chairman and member of the Supervisory Committee of Sofiparc SAS
Chairman of Plastic Omnium Auto Exteriors SAS
Chairman of Plastic Omnium Auto Inergy SAS

Belgium:
Director-Delegate of Sogec 2 SA
Manager of Compagnie Financière de la Cascade SRL

China:
Chairman of Plastic Omnium Holding Co. Ltd (Shanghai)

Spain:
Chairman and Director-Delegate of Compania Plastic Omnium SA

United States:
Chairman of Plastic Omnium Inc.

Other appointments:

Director of Pernod Ricard SA (listed company)
Director of Lyonnaise de Banque
Member of the Supervisory Board of Labruyère Eberlé SAS
Director of Afep
Vice-Chairman of Institut de l'entreprise (non-profit organization)
Director of Fondation Jacques Chirac (non-profit organization)
Director of Lyon-Turin Transalpine Railway Link Committee (non-profit organization)

Appointments expired in the last five *years:*

France:
Chairman of Plastic Omnium Auto SAS (2013)
Chairman and member of the Supervisory Committee of Plastic Omnium Environnement SAS (2015)

United Kingdom:
Chairman of Plastic Omnium Ltd. (2013)

United States:
Chairman of Plastic Omnium Automotive Services Inc. (2012)
Director of Inergy Automotive Systems LLC (2012)
Chairman of Plastic Omnium Auto Exteriors LLC (2011)
Chairman of Performance Plastics Products – 3P Inc. (2011)
Chairman of Plastic Omnium Industries INC (2011)

Netherlands:
Chairman of Plastic Omnium International BV (2015)

Switzerland:
Director of Signal AG (2014)

Germany:
Manager of Plastic Omnium GmbH (2014)

Number of Wendel shares held as of December 31, 2016: 3,500

Bénédicte COSTE

Member of Wendel's Supervisory Board

Member of the Audit Committee

Date appointed to first term: May 28, 2013

Current term expires on:
Annual Meeting to be held in 2017

Born on August 2, 1957

French nationality

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

Career path:

Bénédicte Coste is a graduate of HEC (major in finance) and holds a degree in law, which she pursued after obtaining a two-year technical degree (BTS) in the analysis of agricultural enterprises. 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. Ms. Coste 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.

Appointments as of December 31, 2016:

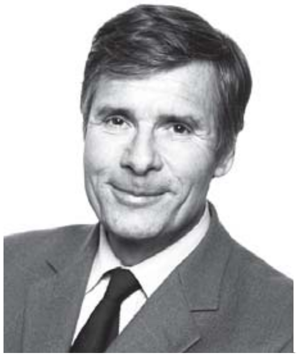
Main position:
Chairwoman and CEO of Financière Lamartine

Wendel Group:
Director of Wendel-Participations SE (unlisted company)

Other:
Chairwoman of Association samarienne de défense contre les éoliennes industrielles

Appointments expired in the last five years: none

Number of Wendel shares held as of December 31, 2016: 1,060



Édouard de L'ESPÉE

Member of Wendel's Supervisory Board

Member of the Audit Committee

Date appointed to first term: September 6, 2004

Current term expires on:
Annual Meeting to be held in 2017

Born on September 5, 1948

French nationality

Business address:
ICC
20 route de Pré-Bois
1215 Genève 15
Switzerland

Career path:

Graduate of the École supérieure de commerce de Paris.

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. From 1979 to 1985, he was in charge of centralized asset management at Banque Cantrade Ormond Burrus, Geneva. In 1986, he took part in creating and developing an independent portfolio management company in London. He co-founded of Praetor Gestion (Luxembourg) in 1987 (and has managed its bond funds since then), Concorde Bank Ltd (Barbados) in 1988 and Calypso Asset Management (Geneva) in 1999. In 2008, he merged Calypso with Compagnie Financière Aval (Geneva) and became its Executive Director. He has been a member of the Swiss Financial Analysts Association since 1984.

Appointments as of December 31, 2016:

Main position (unlisted company):
Executive Director of Compagnie Financière Aval

Wendel Group:
Director of Wendel-Participations SE (unlisted company)

Other appointments (unlisted companies):
Director of Pro-Luxe SA

Appointments expired in the last five years:

Chairman of Praetor Sicav (2014)
Director of Praetor Advisory Company (2014)
Chairman of Praetor Global Fund (2013)

Number of Wendel shares held as of December 31, 2016: 5,000

Priscilla de MOUSTIER

Member of Wendel's Supervisory Board

Member of the Governance Committee

Date appointed to first term: May 28, 2013

Current term expires on:
Annual Meeting to be held in 2017

Born on May 15, 1952

French nationality

Business address:
94, rue du Bac
75007 Paris
France

Career path:

Priscilla de Moustier holds an MBA from Insead and a degree in mathematics and economics from the Institut d'études politiques de Paris.

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, 2016:

Wendel Group:
Director of Wendel-Participations SE (unlisted company)

Other appointments (unlisted companies):
Chairwoman of the Supervisory Board of Oxus Holding
Vice-President of the French chapter of the Family Business Network
Director of FBN International

Director of Acted

Director of Somala (Marais de Larchant SA)

Appointments expired in the last five years: none

Number of Wendel shares held as of December 31, 2016: 140,463

Christian VAN ZELLER D'OOSTHOVE

Member of Wendel's Supervisory Board until May 18, 2017

Member of the Governance Committee

Date appointed to first term: June 6, 2014

Current term expires on:
Annual Meeting to be held in 2018

Born on December 24, 1946

French nationality

Business address:
12 Gorodetskogo, Apt 12
Kiev 81001
Ukraine

Career path:

Graduate of Essec business school, a Master's degree with thesis in private law from Sorbonne University in Pans, and an MBA from Columbia University in New York.

Mr. van Zeller d'Oosthove began his career in 1972 at France's School of Public-Sector Management (CESMAP), then served as General Secretary and Chief Financial Officer of a Crédit Lyonnais subsidiary from 1974 to 1975. He was the authorized representative of Institut de développement industriel (IDI) from 1975 to 1981 before being appointed Chief Financial Officer of Imprimerie Moderne de Paris. In 1983 he moved to Elf-Erap where he remained for seven years as General Secretary and Chief Financial Officer. In 1990 Mr. van Zeller d'Oosthove joined CCF-Electra as Managing Director. He was later promoted to CCF's international business development team where he analyzed investment banking opportunities in emerging markets such as India, Tunisia, Egypt, and Morocco from 1994 to 1997.

Since October 1997 he has been a consultant at Greg First Ltd, where he works for the European Commission on privatization and restructuring projects in Central Asia. He also advises French bank Société Générale's private equity fund on opportunities in Central Europe and North Africa. In 2005 he took part in creating an investment fund in North Africa, from which he withdrew in 2012.

Appointments as of December 31, 2016:

Main position (unlisted company):
International Consultant, Greg First Ltd

Wendel Group:
Director of Wendel-Participations SE (unlisted company)

Other appointments: none

Appointments expired in the last five years: none

Number of Wendel shares held as of December 31, 2016: 500

Gervais PELLISSIER

Member of Wendel's Supervisory Board

Member of the Audit Committee Independent member

Date appointed to first term: June 5, 2015

Current term expires:
Annual Meeting to be held in 2019

Born on May 14, 1959

French nationality

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

Career path:

Gervais Pellissier is a graduate of HEC business school in France, 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, Mr. Pellissier was the Associate Manager guiding the Board of Directors and Associate 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 Acting Deputy Chief Executive Officer in charge of Finance and Information Systems.

In November 2011, Mr. Pellissier was appointed Associate Chief Executive Officer of France Télécom-Orange, which became Orange on July 1, 2013. He retained all his existing responsibilities (Finance and the joint venture with T-Mobile in the UK).

On September 1, 2014, he was appointed Deputy Chief Executive Officer, Executive Director in charge of European operations (excluding France).

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, 2016:

Orange SA - Deputy Chief Executive Officer since October 26, 2011 (listed company)
EE Ltd. (United Kingdom) – Director since April 1, 2010
Jazztel plc (United Kingdom) – Director since July 1, 2015
Orange Espagne (Spain) – Director since June 26, 2006
Mobistar (Belgium) – Director since September 1, 2014 (listed company)
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

Appointments expired in the last five years:

Dailymotion – Director until June 30, 2015
MédiTélécom (Morocco) – Director until October 10, 2014
Sonae.com (Portugal) – Director until March 18, 2014
Orange Studio – Director until September 24, 2013
Voyages Fram – Director until February 20, 2013

Number of Wendel shares held as of December 31, 2016: 500

Fabienne PORQUIER

Member of Wendel's Supervisory Board, representing employees

Date appointed to first term by the Works Council: October 1, 2015

Current term expires: November 20, 2018

Born on December 29, 1963

French nationality

Business address:
Wendel
89, rue Taitbout
75009 Paris
France

Career path:

Ms. Porquier holds a post-graduate degree in Business Administration from the IAE in Poitiers and a Master's in Applied Foreign Languages (English and Spanish).

She began her career in human resources at Aérospatiale, before joining the Human Resources department at Umicore France in 1990, where she spent nearly 13 years working successively first as the manager of personnel administration and then as payroll manager at the head office in Bagnolet.

She joined Wendel in 2003, initially in charge of payroll and personnel administration. Since 2012 she has been in charge of managing employee share-ownership plans and employee savings plans. She also provides support to foreign offices for all HR-related issues and helps implement the Company's compensation policy.

Appointments as of December 31, 2016:

Head of compensation and employee share-ownership at Wendel (listed company)

Number of Wendel shares held as of December 31, 2016: 2,700

Guylaine SAUCIER

Member of Wendel's Supervisory Board

Chairwoman of the Audit Committee

Member of the Governance Committee

Independent member

Date appointed to first term: June 4, 2010

Current term expires on:
Annual Meeting to be held in 2018

Born on June 10, 1946

Canadian nationality

Business address:
1000, rue de la Gauchetière-Ouest
Bureau 2500
Montreal QcH3BOA2
Canada

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.

Ms. Saucier 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) (2000-2001), 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 23, 2010, she was made Honorary Corporate Director by the College des Administrateurs de Sociétés.

Appointments as of December 31, 2016 (listed companies):

Member of the Board of Directors of Junex Inc. (Quebec)

Member of the Board of Directors of Tarkett

Appointments 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)

Member of the Board of Directors of the Bank of Montreal, Member of the Audit Committee and member of the Risk Management Committee (1992-2013)

Member of the Board of Directors of Axa Assurances Inc.
(and member of the Audit Committee 1987-2011)

Member of the Board of Directors of Danone and Chairwoman of the Audit Committee (2009-2012)

Number of Wendel shares held as of December 31, 2016: 500

Jacqueline TAMMENOMS BAKKER

Member of Wendel's Supervisory Board

Member of the Governance Committee

Independent member

Date appointed to first term: June 5, 2015

Current term expires:
Annual Meeting to be held in 2019

Born on December 17, 1953

Dutch nationality

Business address:
33 Thurloe Court
London SW 3 6 SB
United Kingdom

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, 2016 (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

Appointments as of December 31, 2016 (non-profit organizations):

Chairwoman of the Board of the Van Leer Group Foundation
Member of the Advisory Board of Bath School of Management

Appointments expired in the last five years:

Member of the Board of Nexus Institute

Member of the Supervisory Board of Tesco plc (2009-2015)

Member of the Supervisory Board of Vivendi, Chairwoman of the Human Resources Committee (2010-2014)

Member of the Supervisory Board of the Netherlands' Land Registry Ordinance Survey (2008-2012)

Number of Wendel shares held as of December 31, 2016: 500

Humbert de WENDEL

Member of Wendel's Supervisory Board

Member of the Audit Committee

Date appointed to first term: May 30, 2011

Current term expires on: Annual Meeting to be held in 2019

Born on April 20, 1956

French nationality

Business address:
Total Finance Corp. Services Ltd
10, Upper Bank Street
Canary Wharf
London E14 5BF
United Kingdom

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 heading 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, 2016:

Wendel Group: Director of Wendel-Participations SE (unlisted company)

Other positions: Manager of OGQ-L Sarl

Appointments expired in the last five years:

Other appointments within the Total Group:

- French unlisted companies:

Chairman, CEO, and Director of SofaxBanque (2014)

Chairman, CEO, and Director of Total Capital (2014)

Chairman, CEO, and Director of Total Capital International (2014)

Chairman of Total Finance Exploitation (2014)

Chairman of Total Treasury (2014)

Director of Société Financière d'Auteuil (2014)

Director of Elf Aquitaine (2014)

Permanent representative of Total SA on the Board of Eurotradia International (2014)

Chairman, CEO, and Director of Odival (2011)

- Non-French unlisted 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):

- Non-French listed companies

Director and Chairman of the Audit Committee of Compania Espanola de Petroleos – Cepsa (Spain) until August 2, 2011

Director of Sunpower Corp. (USA) (2016)

- Other appointments not related to the Total Group:

Manager of Omnium Lorrain (non-trading company) (2014)

Manager of Financière Berlioz SC (2014)

Manager of SCI Invalides-Constantine (2014)

Number of Wendel shares held as of December 31, 2016: 225,054

New Supervisory Board members to be proposed to shareholders at their Annual Meeting of May 18, 2017

Nicholas FERGUSON

New member of Wendel's Supervisory Board

Subject to shareholder approval at
the Annual Shareholder's Meeting on May 18, 2017

Born on October 24, 1948

British nationality

Business address:
Savills 18 Queensdale Road, W 11 4 QB
London, United Kingdom

Career path:

Nicholas Ferguson holds an economics degree from the University of Edinburgh and an MBA from Harvard Business School. He is the Chairman of Savills plc., Alta Advisers, Africa Logistics Properties, and the Argyll & Bute Economic Forum. He is also a 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.

Mr. 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, 2016:

Chairman of Savills plc (*listed company*)

Chairman of Alta

Chairman of Nyland

Director of Maris Capital

Chairman of ALP

Non-profit organizations

Chairman of Argyll & Bute Economic Forum

Director of Environmental Defence Fund Europe

Director of Arcadia Trust

Chairman of Kilfinan Group

Chairman of Kilfinan Trust

Appointments expired in the last five years:

Chairman of Sky plc

Chairman of SVG Capital

Nicolas ver HULST

New member of Wendel's Supervisory Board as of July 1, 2017

Subject to shareholder approval at the Annual Shareholder's Meeting on May 18, 2017

Born on August 21, 1953

French nationality

Address:
20 Cité Malesherbes
75009 Paris

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.

Since 1989, he has held management positions at Alpha Associés Conseil, initially as an Executive Board member and starting in 2007 as Chairman and Chief Executive Officer. His term of office at Alpha Group will end on June 30, 2017.

Appointments as of December 31, 2016:

Wendel Group

Director of Wendel-Participations SE (*unlisted company*)

Alpha Group

Chief Executive Officer of Glacies Holding Director of Frial

Director of Next Radio TV (*listed company*)

Director of Cyrillus-Vertbaudet

Member of the Supervisory Board of Financière Ramses (a Feu Vert company)

Appointments expired in the last five years:

Chairman of the Supervisory Board of Babilou Group

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

To the best of the Company's knowledge, as of the date of issue of this document, no member of the Supervisory Board has in the past five years: (i) been convicted for fraud or formally accused or publicly sanctioned by the judiciary or government agencies; (ii) been involved in bankruptcy, the sequestration of assets or liquidation; (iii) been prevented by a court from acting as a member of a corporate, executive or supervisory body of an issuer or being involved in the management or the running of the business of an issuer.

Conflicts of interest, family ties and service contracts

Bénédicte Coste, Priscilla de Moustier, Édouard de l'Espée, Christian d'Oosthove, François de Wendel, and Humbert de Wendel are members of the Wendel family. They are also directors of Wendel-Participations SE, the Company's main shareholder, which represents the interests of Wendel family members. Nicolas ver Hulst, whose appointment as of July 1, 2017 will be proposed to shareholders at their Annual Meeting of May 18, 2017, is also a member of the Wendel family and a director of Wendel-Participations SE.

To the best of the Company's knowledge, as of the date of issue of this 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 section 2.1.6.5.

To the best of the Company's knowledge, one Supervisory Board member works for a group that has been selected as a Wendel client or supplier, and one member works for a group that is connected to one of the Company's subsidiaries by a service contract.

The Governance Committee and the Supervisory Board reviewed these two situations on January 31 and February 1, 2017, respectively (see the section below entitled "Independence of Supervisory Board members").

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 section 2.1.6.6.

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 report'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 meetings on January 31 and February 1, 2017, the Governance Committee and the Supervisory Board reviewed the independence of each member based on the following criteria, in accordance with recommendation 9.4 of the Afep-Medef Code, as amended in November 2016, 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 Supervisory Board applies the proposed independence criteria.

The independence of two of the Board's independent members - Laurent Burelle and Gervais Pellissier - has been reviewed in detail.

In 2016, the Plastic Omnium Group, headed by Laurent Burelle, an independent member of Wendel's Supervisory Board, commissioned various companies of Wendel subsidiary Bureau Veritas to carry out a range of projects (certification, equipment verification, quality audit, and safety training).

The Supervisory Board, on the Governance Committee's recommendation, concluded that the total fees for these projects were non-material, and accordingly confirmed that Laurent Burelle meets the criteria for an independent member.

IHS, a company in Wendel's portfolio, signed outsourcing agreements with Orange for towers in Cameroon and Côte d'Ivoire, for a total amount of €30 million per year. Gervais Pellissier, an independent member of Wendel's Supervisory Board, is Deputy Chief Executive Officer of Orange and head of operations in Europe ex-France.

The Supervisory Board, on the Governance Committee's recommendation, concluded that:

- Wendel has a stake of only 21.4% in IHS and holds, in association with its co-investors, 28.8% of IHS' voting rights;
- Mr. 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 IHS's total sales.

The Supervisory Board therefore confirmed that Gervais Pellissier meets the criteria for an independent member.

Consequently, the Supervisory Board deemed that as of February 1, 2017, five of the 11 members, or 45%, met the independence criteria of the Afep-Medef Code as amended: Dominique Hériard Dubreuil, Guylaine Saucier, Jacqueline Tammenoms Bakker, Laurent Burelle, and Gervais Pellissier. The composition of the Supervisory Board therefore complies with recommendation 9.2 of the amended Afep-Medef Code, which advocates that at least one-third of the Board members of controlled companies be independent.

One Supervisory Board member, Christian d'Oosthove, has expressed his wish to step down from the Board at the close of the Shareholders' Meeting of May 18, 2017. The four Supervisory Board members whose terms expire at the close of the Shareholders' Meeting of May 18, 2017 have agreed to seek renewal of their terms: Laurent Burelle, an independent Board member, Bénédicte Coste, Priscilla de Moustier, and Édouard de l'Espée. The appointment of two new Supervisory Board members will be proposed to shareholders at their Annual Meeting of May 18, 2017: Nicholas Ferguson, independent member, and Nicolas ver Hulst.

If shareholders approve the proposed appointments, at the close of the Meeting, Wendel's Supervisory Board will have 12 members, including six independent members (or 50%) and one member representing employees.

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

2.1.2.3 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. They also lay out rules of ethical conduct, and especially the rules for trading shares of Wendel or its listed subsidiaries or investments (see section 2.1.6 "Compliance issues involving the Group's governing and supervisory bodies").

The main provisions of the Board's internal regulations are detailed below. The Supervisory Board updated the regulations on February 11, 2015 to account for changes in French law, revisions to the Afep-Medef Code, and the transformation of Wendel into a *societas europaea*.

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, and the Company's Ethics Code.

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

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. Should a meeting need to be called urgently, the Supervisory Board may be convened without advance notice and be held by telephone or videoconference. One Supervisory Board meeting was held by conference call in 2016 and two meetings were held in part without the Executive Board.

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 nine times in 2016. The average attendance rate was 94% and the meetings lasted an average of three hours and 50 minutes.

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.

2.1.2.4 Responsibilities 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.

The main items discussed at Supervisory Board meetings in 2016 and in early 2017 were as follows:

Strategy and operations:

- company strategy and positioning, in particular to outline the 2017-2020 strategy and the associated financing plan; three meetings were devoted primarily to this issue;
- proposed investments and divestments;
- quarterly reports of the Executive Board on the situation of the Company and the Group;
- internationalization.

Financing and financial communications:

- financial condition:
- net asset value;
- parent company and consolidated financial statements at December 31, 2015 and June 30, 2016 and Statutory Auditors' reports;
- dividend;
- presentation of the management report;
- audit Committee reports;
- quarterly financial information;
- management forecasts;
- financing and bond issues;
- share buybacks and capital reductions;
- shareholding structure;
- financial communications.

Corporate governance:

- governance Committee reports;
- executive Board term renewals and compensation;
- grant of stock options and performance shares to Executive Board members and recognition of whether or not performance conditions have been met;
- 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 Chairman of the Supervisory Board on corporate governance and internal control;
- principles of the 2017-2020 co-investment plan and co-investments by the Executive Board;
- resolutions submitted by the Executive Board to shareholders at their Annual Meeting;
- changes in the composition of the Board and its committees;
- compensation for the Chairman of the Supervisory Board;
- equal representation and equal salary treatment for men and women;
- capital increase reserved for members of the Group savings plan.

At the request of its members, a Supervisory Board meeting was held at Constantia Flexibles' headquarters in Vienna, Austria, in October 2016. This meeting gave Board members an opportunity to tour the company's manufacturing facilities and speak with its management.

2.1.2.5 Evaluation of the Supervisory Board and its committees

Recommendation 9 of the amended Afep-Medef Code advises the Board to “evaluate its capacity to meet shareholder expectations (…) 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 should be overseen by the Governance Committee, potentially with the assistance of an outside consultant.

The Board devoted an agenda item to an in-depth review of its composition and operations at its November 30, 2016 meeting; the ensuing discussion led to the following main conclusions:

- the Board should appoint members from the US and UK to support the regional diversification of Wendel’s portfolio;
- the communication of information to the Board should be improved further with meetings on strategy, reviews of possible acquisitions, updates on subsidiaries and associated companies, and reviews of risks and cross-functional issues (like digital initiatives);
- site visits and meetings with company managers should be repeated;
- the secure electronic docmuent platform should be used more effectively;
- meeting minutes should be distributed sooner after the meetings.

2.1.3 Corporate governance statement

In 2008 the Company adopted the Afep-Medef Corporate governance Code for listed companies, as amended in June 2013, November 2015, and November 2016, and uses it as a guideline for its Corporate governance. This Code is available on the Medef website (in French): www.medef.fr/main/core.php.

At its meeting on February 1, 2017, the Supervisory Board examined the Company’s situation with regard to the Afep-Medef Code as amended.

In accordance with AMF recommendation 2012-14 on Corporate governance and executive compensation, the following table summarizes the recommendations in the Code that the Company does not apply.

Proportion of independent members on the Audit Committee	Three of the Audit Committee’s six members are independent, which is less than the 2/3 independent members recommended by the Code. As Wendel is controlled by a majority shareholder, however, it is sufficient for 1/3 of its Supervisory Board members to be independent. The Audit Committee meets this criterion. Moreover, other factors – such as that the Chairwoman is an independent member, that the Audit Committee’s members have in-depth involvement and knowledge of the Company, that external experts are regularly called upon, and that meetings are held frequently – outweigh the arithmetic approach to the composition of the Audit Committee.
Appointment of a Supervisory Board member representing employees to the Governance Committee	Any such appointment in a company with a small number of employees could give the impression of a conflict of interest.
No variability of director’s fees based on attendance	The Supervisory Board did not feel it was necessary to create an attendance-based variable portion of director’s fees, because the attendance rates of Board and committee meetings was already high in 2016.
Succession plan	This issue was discussed by the Governance Committee in early 2017.

2.1.4 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 Committee and the Governance Committee. The responsibilities of each committee are specified in the internal regulations of the Supervisory Board.

2.1.4.1 The Audit Committee

Composition of the Audit Committee

The Audit Committee has six members:

- Guylaine Saucier, Chairwoman;
- Dominique Hériard Dubreuil, Vice-Chairwoman of the Supervisory Board and Chairwoman of the Governance Committee;
- Bénédicte Coste;
- Édouard de l'Espée;
- Gervais Pellissier;
- Humbert de Wendel.

The Chairman of the Supervisory Board was invited to attend each Audit Committee meeting.

All Audit 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 several industrial or financial companies, as prescribed by recommendation 16.1 of the amended Afep-Medef Code. Guylaine Saucier is a Fellow of the Order of Certified Public Accountants of Quebec, Dominque Hériard Dubreuil was Chairwoman and CEO of Rémy Cointreau, Bénédicte Coste is the Chairwoman and CEO of an asset management firm, Édouard de l'Espée is the Executive Director of an asset management firm, Gervais Pellissier is the Deputy CEO and former CFO of Orange and the former CFO of Bull, and Humbert de Wendel was the Corporate Treasurer of Total.

Ms. Saucier, Ms. Hériard Dubreuil, and Mr. Pellissier are the committee's independent members, i.e. three members out of six.

The composition of the Audit Committee does not strictly comply with recommendation 15.1 of the amended Afep-Medef Code, which suggests 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 Committee

Pursuant to recommendation 15.2 of the amended Afep-Medef Code, French decree no. 2008-1278 of December 8, 2008 pertaining to the Statutory Auditors, the AMF's final report on Audit Committees published in July 2010, and AMF Recommendation 2010-19, Wendel's Audit Committee is principally responsible for monitoring:

- the process for preparing 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 17.1 of the internal regulations of the Supervisory Board, the main tasks of Wendel's Audit Committee are to:

- ensure that the accounting policies chosen are appropriate and properly applied in the preparation of parent company and consolidated financial statements;
- make sure the appropriate accounting methods were used for any significant or complex transactions realized by the Company;
- ensure that the processes used to produce financial information are rigorous enough to guarantee the sincerity of this information;
- ensure that a procedure exists to identify and analyze risks that may have material impact on accounting and financial information, and in particular on the Company's assets, and make sure that appropriate action plans are in place for any identified weaknesses;
- serve as liaison with the Statutory Auditors and consult them regularly;
- 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);
- 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;

- 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 Annual 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 performed that is accessory to or directly complementary to the audit of the financial statements (work directly related to the audit);
- review the Company's earnings releases;
- review any issues within its remit raised by the Supervisory Board.

Organization and procedures

The Audit 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 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. The Statutory Auditors are invited to each meeting. The Audit Committee may interview the members of the Finance department as well as the Statutory Auditors in the absence of the Company's management.

A Group Head of Internal Audit position was created in January 2016, which has allowed the Group to undertake new measures for risk management and prevention.

Information on specific aspects of the Company's accounting, financial and operating processes are provided to Audit Committee members on request.

The Committee may also hire experts to perform specific tasks falling within the scope of its responsibilities. An independent appraiser makes and submits its own valuation.

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

The Audit Committee met six times in 2016, with an attendance rate of 94%. The meetings lasted an average of three hours each.

The Secretary of the Audit Committee is Caroline Bertin Delacour, General Secretary.

The Audit Committee examined the following topics in 2016:

- 2015 parent company and consolidated financial statements;
- first-half 2016 consolidated financial statements;
- impairment tests;
- net asset value and its calculation method;
- indebtedness of Wendel and the consolidated group;
- the Statutory Auditors' reports;
- approval of non-audit assignments for the Statutory Auditors, and monitoring of their work;
- Wendel's liquidity and debt situation and that of its subsidiaries;
- monitoring of Company risks and control measures applied thereto;
- review of risks at subsidiaries;
- internal audit plans and summaries;
- outstanding disputes;
- the accounting treatment of certain transactions;
- liability guarantees;
- the extent to which the Executive Board has met its objectives;
- the Group's tax situation;
- report of the Chairman of the Supervisory Board on risk management and internal control;
- validation of the performance conditions for Executive Board members' stock options and performance shares;
- review of the Statutory Auditors' statement of independence and fees;
- review of the Committee's operations and the parts of the Board's internal regulations that concern the Audit Committee.

2.1.4.2 The Governance Committee

Composition of the Governance Committee

The Governance Committee, which includes the functions of an Appointments Committee and a Compensation Committee, has five members:

- Dominique Hériard Dubreuil, Chairwoman of the Governance Committee and Vice-Chairwoman of the Supervisory Board;
- Priscilla de Moustier;
- Guylaine Saucier, Chairwoman of the Audit Committee;
- Christian d'Oosthove;
- Jacqueline Tammenoms Bakker.

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

Three of the Governance Committee's five members, or two-thirds, are independent: Dominique Hériard Dubreuil, Chairwoman, Guylaine Saucier, and Jacqueline Tammenoms Bakker.

The composition of the Governance Committee complies with recommendations 16.1 and 17.1 of the amended Afep-Medef Code, which prescribes a majority of independent members and an independent Chairman.

Responsibilities of the Governance Committee

According to Article 17.2 of the internal regulations of the Supervisory Board, the responsibilities of the Governance Committee are as follows:

- propose candidates for Supervisory Board appointment 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; legitimate number of independent members; promotion of gender equality;
- 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;
- 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 the methods for apportionment of Director's fees among the members of the Supervisory Board;
- 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 proceedings;
- review any question concerning business ethics raised by the Supervisory Board.

Organization and procedures

The Governance Committee met eight times in 2016. Average attendance at the meetings was 98%. The meetings lasted on average three hours.

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 Committee presents a report at the following Supervisory Board meeting. The minutes of each Governance Committee meeting are approved at the following committee meeting.

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

The following topics were addressed during Governance Committee meetings in 2016:

- executive Board term renewals and compensation;
- the Company's compliance with the Afep-Medef Code, especially regarding Board member independence;
- report of the Chairman of the Supervisory Board on corporate governance;
- preparations for the Annual Shareholders' Meeting: a review of the presentation on governance;
- the granting of stock options and performance shares to Executive Board members and validation of performance conditions;
- co-investments by Executive Board members;
- capital increase for the Group savings plan and shares owned by the Executive Board;
- an evaluation of the Supervisory Board's operations and proceedings, overseen by the Chairwoman of the Governance Committee and carried out with the help of a questionnaire;
- the composition and process for renewing the appointments of Board members;
- compensation package for the Chairman of the Supervisory Board;
- review of proposed candidates for the Board;
- review of answers to questions posed by the French High Committee on Corporate governance;
- review of Wendel's compliance policies.

2.1.5 Division of powers between the Executive and Supervisory Boards

At the Annual Shareholders' Meeting of May 31, 2005, Wendel adopted a dual governance structure with an Executive Board and a Supervisory Board. The Company made this change with the aim of improving its governance, by setting out a clear division of responsibilities between the executives and the shareholders and between the Company's management and its supervision.

Pursuant to Article 21 of the by-laws, the Executive Board manages the Company on a collegial basis under the oversight of the Supervisory Board. With authorization from the Supervisory Board, Executive Board members may divide management tasks among themselves. However, this division of tasks may under no circumstances have the effect of nullifying the collegial manner in which the Executive Board manages the Company.

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. 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. 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 submitted to the Annual Shareholders' Meeting regarding the composition or the operations of the Supervisory Board accurately reflect the Supervisory Board's decisions.

The Executive Board shall execute 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 General 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 fiscal 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 Annual 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 4.3). 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 risks the Company assumes and the measures the Executive Board takes to address them (see sections 2.2 and 2.3 and Note 15.1 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:

a) under current legal and regulatory provisions and the decisions of the Supervisory Board of December 1, 2010 and November 30, 2016 for:
   - divestment of real property of more than €10 million per transaction,
   - divestment of financial investments of more than €100 million per transaction,
   - granting of security interests, guarantees, endorsements and collateral of more than €100 million per transaction,
   - any contract subject to Article L. 225-86 of the French Commercial Code;

b) under Wendel's by-laws for:
   - any transaction, including the acquisition or divestment by the Company (or an intermediate holding company) of more than €100 million,
   - any decision binding the Company or its subsidiaries, i.e. any decision that, according to the interpretation of the Supervisory Board, involves a significant change to the Wendel Group's strategy or image,
   - 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 is 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.

Significant divestments are not required to be submitted to shareholders at their Annual 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 defines the terms and conditions of the Executive Board Chairman's compensation as well as the form in which it is paid (current or deferred, fixed or variable). It approves the Executive Board Chairman's proposal for Bernard Gautier's compensation. It sets stock-option and performance share grants allocated to Executive Board members, as well as the relevant performance and holding conditions.

Finally, 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). In all cases, the Supervisory Board acts on the recommendation of the Governance Committee. 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.

2.1.6 Compliance issues involving the Group's governing and supervisory bodies

Recommendation 19 of the amended Afep-Medef Code and AMF Recommendation 2010-07 of November 3, 2010 set out a series of obligations applicable to members of governing bodies.

To fulfill these obligations, the Executive Board created a Market Confidentiality and Ethics Code on December 1, 2009, applicable to its members, to the members of the Supervisory Board and to the Company's employees. The Executive Board reviewed the Code in 2013.

Wendel's Market Confidentiality and Ethics Code defines 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 also adopted a Code of Ethics as part of its steady roll-out of a compliance program. The compliance program applies to corporate officers.

2.1.6.1 Related-party agreements

Agreements between the Company and a member of the Executive or Supervisory Board, either directly or indirectly, must be approved in advance by the Supervisory Board. The same requirement applies to agreements between the Company and a shareholder holding more than 10% of the voting rights as well as to agreements between the Company and a third party, should they have executives in common. The Chairman of the Supervisory Board reports all authorized agreements to the Statutory Auditors and submits them to shareholders for approval at their Annual Meeting. The Statutory Auditors present a special report to shareholders during the meeting, which the shareholders vote on. This procedure does not apply to ordinary agreements executed at standard terms, nor to agreements between a company and its wholly-owned subsidiary. Agreements already authorized and entered into, and whose execution is ongoing, are reviewed every year by the Supervisory Board and communicated to the Statutory Auditors.

2.1.6.2 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.

2.1.6.3 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 also applies 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, issues quarterly financial reports or announces net asset value (NAV, see section 4.3). These periods are as follows: for annual and semi-annual financial statements, from 30 days before to the day after their publication; for quarterly reports and NAV, from 15 days before to the day 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.

Members of governing and supervisory bodies must also refrain from trading in the securities of Wendel Group subsidiaries and listed equity investments. 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 companies 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, nor to the shares of Wendel's listed subsidiaries or associates acquired before July 15, 2007. Individuals holding such shares may keep them or sell them, as long as they comply with the Company's Market Confidentiality and Ethics Code.

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.

2.1.6.4 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.

2.1.6.5 Conflicts of interest

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 Ethics Officer any situation of conflict of interest, even potential situations, and refrain from participating in votes or discussions related to those situations (see "Conflicts of interest, family ties and service contracts" in section 2.1.1.1).

At its meeting of February 10, 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 his or her intention to accept a new appointment in a company that does not belong to a group of which he or she is an executive. 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.

2.1.6.6 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 members of the Executive Board are obligated to hold shares obtained through the exercise of their stock options or the vesting of their performance shares;
- 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 in the two days following this publication, in accordance with the Company's Market Confidentiality and Ethics Code and with recommendation 24.3.3 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 7.9.1 of this registration document.
- Executive Board members are required to hold 25,000 Wendel shares at all times; this retention requirement may be waived or modified by the Supervisory Board, based on a recommendation by the Governance Committee, in exceptional circumstances;

2.1.7 Compensation of corporate officers

Sections 2.1.7.1 and 2.1.7.2 comprise the report on the principles and criteria for setting, allocating, and granting compensation to Executive Board and Supervisory Board members for their positions on the Boards, as required by Article L. 225-82-2 of the French Commercial Code. This report is attached to the management report.

2.1.7.1 Compensation policy for Executive Board members

Executive Board members' compensation is approved by the Supervisory Board on the Governance Committee's recommendation and after the Audit Committee has verified the financial items.

The Supervisory Board follows the recommendations in the Afep-Medef Code for setting the compensation and benefits to be paid to corporate officers.

Executive Board members' compensation is designed so as to be:

- competitive compared with rival European investment companies;
- consistent with Wendel's long-term investment strategy;
- aligned with the interests of shareholders;
- subject to demanding performance conditions.

The principles used to develop the compensation policy for Executive Board members are:

- an overall assessment of the compensation paid to each Executive Board member; this assessment is carried out by the Governance Committee and Supervisory Board who review each element of their compensation both individually and relative to the other elements, so as to strike the right balance among them;
- compensation in line with market practices, assessed according to the business context using the investment company industry as a benchmark;
- compensation based on performance, so as to ensure that Executive Board members' interests are aligned with those of shareholders;
- a transparent compensation policy with regard to the information provided to shareholders: to meet the new requirements under France's Sapin II law on transparency, anti-corruption, and the modernization of the economy, shareholders will be informed of the quantitative and qualitative elements of the Executive Board's variable compensation for 2016 and 2017.

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

- a fixed portion, including director's fees paid with respect to their appointments within the Group;
- a variable portion, according to specific objectives. The calculation is based on quantitative and qualitative criteria. The choice and weighting of these criteria are decided by the Supervisory Board on the recommendation of the Governance Committee, for the duration of Executive Board members' terms. In accordance with Article L. 225-82-2 of the French Commercial Code, the variable compensation for 2017 for the Executive Board Chairman, who does not have an employment contract, will be submitted to shareholder approval at the Annual Meeting held to approve the financial statements for the 2017 fiscal year;
- stock options and/or performance shares.

Executive Board members do not receive any deferred bonuses or supplementary pension benefits.

The Executive Board's term expired on April 6, 2017.

The Supervisory Board decided to renew the Executive Board members' terms for another four years (from April 2017 to April 2021) with the following principles for their compensation:

- alignment with shareholder interests,
- simple, clear, and ambitious targets for their annual performance-based compensation,
- principles set for the duration of their terms, with a review provided for half-way through their terms.

Employment contracts

Mr. Lemoine, the Chairman of the Executive Board, does not have an employment contract, in accordance with the recommendations of the Afep-Medef Code.

Bernard Gautier has had an employment contract since he joined the Company in 2003. Changes to Mr. Gautier's employment contract constitute regulated agreements under Article L. 225-86 of the French Commercial Code.

Fixed compensation

The fixed compensation of Executive Board members is set by the Supervisory Board upon examination by and recommendation from the Governance Committee, based on the Board members' performance and on comparative studies carried out by independent consultants.

The Supervisory Board decided to increase the fixed compensation of both Executive Board members by 5% for their new term (April 2017 to April 2021), because the Chairman's fixed compensation had not changed since 2009 and the fixed compensation of the other Board member was the same as in 2008, after declining between 2009 and 2013.

Annual variable compensation

Annual variable compensation is set for the duration of Executive Board members' terms, based on qualitative and quantitative criteria. The weightings of the qualitative and quantitative objectives are set according to order of importance, so as to dynamically support the Group's business goals. The 2016 objectives and attainment rates are given below.

For the 2013-2017 term, variable compensation could reach, but not exceed, 100% of fixed compensation, even if the Executive Board members surpassed their objectives.

For the new 2017-2021 term, the Supervisory Board decided to reduce the number of objectives for the Executive Board's annual variable compensation, in order to provide greater clarity.

There are now four objectives - three quantitative and one qualitative, each with a 25% weighting in the calculation of annual variable compensation:

- the first looks at one or more of the Group's long-term holdings with precise criteria on their performance;
- the second looks at the development over the year of the portfolio's unlisted companies that are not covered by the first objective. Their performance will be assessed according to value creation at constant multiples;
- the third concerns debt levels with a set limit for net debt;
- the fourth is the qualitative objective, set by the Supervisory Board every year. It relates to the achievement of certain priorities expressed qualitatively, but which are nonetheless specific and quantified when possible.

These four objectives are also used for the other members of the management team.

The Supervisory Board also decided to increase the upper limit for variable compensation to 115% of fixed compensation.

The Audit Committee verifies the quantitative figures.

Grants of stock options and performance shares

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 Supervisory Board, on the recommendation of the Governance 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 criteria and holding period.

The Supervisory Board ensures a balance between the stock options and/or performance shares granted to Executive Board members and the Company's share capital, their overall respective compensation, and the total number of stock options and performance shares granted.

Every year, shareholders at their Annual Meeting set the maximum amounts for grants of stock options and performance shares. This limit was 0.9% of share capital until 2014, and was raised to 1% of share capital in 2015 and 2016 to account for the increase in the Company's headcount. Shareholders will be asked to approve this same maximum amount of 1% of share capital for 2017.

The purchase or subscription price is based on the average share price in the 20 trading days preceding the grant date, with no discount.

Stock options and performance shares are subject to performance conditions applicable to all employees, including Executive Board members.

These performance conditions are assessed over two years, and for a full grant (at 100%), a two-year presence condition must also be met. This assessment period is reasonable given the high number of shares currently held by Executive Board members.

Until 2016, the performance condition was a 5% increase in Wendel's NAV over one year and a 10.25% increase over the two years for which the presence condition must have also been met.

In 2017, the Supervisory Board decided to change the performance condition for stock options and performance shares so as to better align the interests of Wendel management and other employees with those of shareholders. The new performance condition looks at the increase in Wendel's share price calculated over the 50 trading days prior to the Annual Shareholders' Meeting. This condition is designed to be easily understood by the financial community. More specifically, the condition is a 5% increase in Wendel's share price over one year or a 10.25% increase over two years.

The attainment of this performance condition is discussed in Section 2.1.7.3.

In accordance with the law and as recommended in the Afep-Medef Code of Corporate governance, 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 from each of the Company's performance share and stock option plans.

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.

As of December 31, 2016, Frédéric Lemoine and Bernard Gautier held 160,911 and 91,727 shares, respectively.

Benefits in kind

Since the Chairman of the Executive Board does not have an employment contract, an unemployment insurance policy has been taken out in his name with GSC (a specialized provider of unemployment insurance for business owners and corporate officers).

He has use of a company car exclusively for business purposes, which does not constitute a benefit in kind.

Balance among the various elements of total compensation

The Supervisory Board is responsible for ensuring the right balance among the various elements of Executive Board members' compensation. From 2013 to 2016, the breakdown among the different elements was as follows (in%):

- 60/40 between short-term cash compensation (annual fixed and variable) and long-term share-based compensation (stock options and performance shares),
- 70/30 between compensation with and without a performance condition.

Termination benefits

The following commitments were approved by the Supervisory Board at its meeting of May 6, 2009, and were published on the Company's website on May 12, 2009. They were also mentioned in the Statutory Auditors' special report on related-party agreements and commitments, approved by Wendel's shareholders at the Annual Meeting of June 4, 2010.

The Supervisory Board reiterated its authorization regarding these termination benefits when it renewed the Executive Board members' terms at its meetings of March 27, 2013 and March 22, 2017. Shareholders approved these related-party agreements at their Annual Meeting of May 28, 2013, and will be asked to approve their renewal at their Annual Meeting of May 18, 2017.

Under the terms of **Frédéric Lemoine**'s appointment in April 2009, he is entitled to compensation in the event of his termination. The amount of such compensation is up to two years of his last total fixed and target variable compensation.

Termination benefits are paid in the event of removal from office for reasons other than failure, which is characterized by a serious problem unanimously recognized by the Supervisory Board. Subject to this condition, termination benefits apply in the event of removal or non-renewal of the Executive Board Chairman's term of office, of a material change in his responsibilities, of a change of control, of a significant change in strategy, of a removal from office for reasons other than failure.

At its meeting on February 11, 2010, the Supervisory Board set the following performance conditions for termination benefits:

- 50% of the amount of the benefit would be paid only if, for two of the three years preceding the termination, including the current year, variable compensation equal to at least 50% of the target variable compensation allocated by the Supervisory Board to Mr. Lemoine in relation to those three years has been paid;
- 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 12 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 (thus, if Actual NAV is 20% lower than Reference NAV, the payment would be reduced by half (20% x 2.5 = 50%). If Actual NAV is lower than 60% of the Reference NAV, this portion of the termination benefit would be zero.

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 as approved by the Supervisory Board (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.

This benefit would be paid in the event the employment contract were terminated by mutual agreement, dismissal (except for serious misconduct) or resignation, if such resignation follows his removal from office or the non-renewal of his term as corporate officer, a material change in his responsibilities, a change of control or a significant change in strategy.

In the event Bernard Gautier were no longer to be a member of the Executive Board, he would receive a termination benefit equal to one year of total fixed compensation and target variable compensation, as approved by the Supervisory Board (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), subject to the following performance conditions:

- 50% of the amount of the benefit would be paid only if, for two of the three years preceding the termination for which the financial statements have been approved, variable compensation equal to at least 50% of his target variable compensation in relation to those three years has been paid;
- 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 six 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 (thus, if Actual NAV is 20% lower than Reference NAV, the payment would be reduced by half – 20% x 2.5 = 50%). If Actual NAV is lower than 60% of the Reference NAV, this portion of the termination benefit would be zero.

This benefit would be paid in the event of his removal from office or non-renewal of his term of office as an Executive Board member, of his resignation from the Executive Board if such resignation follows dismissal or termination of employment by mutual agreement, a material change in his responsibilities, a change of control or of a significant change in strategy.

In the event that Mr. Gautier fully achieves or exceeds the above performance objectives, the total amount of the termination benefits paid to him, including any benefits under the collective bargaining agreement applicable to his employment contract, may not exceed two years' gross fixed and target variable compensation.

Departure of an Executive Board member

In the event of the departure of an Executive Board member, his fixed compensation would be paid on a pro rata basis. The amount of his variable compensation would be determined by the Supervisory Board, on the recommendation of the Governance Committee, based on the Company's circumstances and interests.

If the departing Executive Board member meets the performance condition, the Supervisory Board may, on the recommendation of the Governance Committee, decide to grant him the benefit of some or all of his unvested stock options and/or performance shares.

2.1.7.2 Compensation policy for Supervisory Board members

The annual amount of director's fees remains at €750,000, the level set by shareholders during their June 4, 2010 Annual Meeting.

The Supervisory Board Chairman's full-year compensation is €70,000, unchanged since he took up his term in April 2013. His compensation is reviewed every year by the Supervisory Board and the Governance Committee.

The Supervisory Board, upon the Governance Committee's recommendation, has decided to propose to shareholders at their Annual Meeting of May 18, 2017 an increase in the amount of director's fees 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 of May 18, 2017.

2.1.7.3 Summary of compensation, stock options and performance shares granted to each executive corporate officer

The compensation owed or granted to Executive Board members for 2016 will be submitted for shareholder approval at the Annual Meeting on May 18, 2017, in accordance with recommendation 26.1 of the Afep-Medef Code as amended in November 2016 (the elements of compensation requiring approval are indicated in the Executive Board's report on resolutions in section 8.10.2).

Table 1 under the Afep-Medef Code

	2016	2015
Frédéric Lemoine		
Chairman of the Executive Board		
Total compensation due for the year (detailed in table 2)	**2,260,012**	**2,286,802**
Number of options granted during the year	**0**	**51,747**
Valuation of options granted during the year	0	926,271
Number of performance shares granted during the year	**34,572**	**17,249**
Valuation of performance shares(1) granted during the year (detailed in table 6)	1,707,857	910,747
Total: compensation due for the year and valuation of stock options and performance shares granted during the year	3,967,869	4,123,820
Bernard Gautier		
Member of the Executive Board		
Total compensation due for the year (detailed in table 2)	**1,506,684**	**1,524,540**
Number of options granted during the year	**0**	**34,500**
Valuation of options granted during the year	0	617,550
Number of performance shares granted during the year	**23,048**	**11,500**
Valuation of performance shares(1) granted during the year (detailed in table 6)	1,138,571	607,200
Total: compensation due for the year and valuation of stock options and performance shares granted during the year	2,645,255	2,749,290

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.

(1) *The valuation of performance shares was €52.80 for those granted in 2015 and €49.40 for those granted in 2016. The decrease in the valuation of these performance shares is due to a decline in Wendel's share price (see section 2.1.7.6).*

2.1.7.4 Summary of the compensation of each executive corporate officer

When the term of the Executive Board members was renewed in April 2013, the level and structure of their compensation were benchmarked and were examined by an independent firm engaged by the Governance Committee.

Based on the study's findings, the Governance Committee and the Supervisory Board decided to:

- maintain Frédéric Lemoine's fixed compensation at €1,200,000, unchanged since he was appointed in 2009;
- increase Bernard Gautier's fixed compensation from €700,000 – the level it was at from 2009 to 2012 – back to €800,000 for 2013, the level it was at before 2009;
- change Executive Board members' variable compensation. In 2009 the target had been set at 50% of fixed compensation, but could go higher in the event of exceptional results. Now variable compensation may reach, but not exceed, 100% of fixed compensation. If the objectives are not at least 50% met, no variable compensation will be paid; if the objectives are between 50% and 100% met, the amount of variable compensation paid will be in proportion to the percent achievement of the objectives. As before, the variable compensation is not guaranteed.

Variable compensation is paid in the beginning of the year following the year for which it is due. The objectives used to determine variable compensation are both quantitative (70% of the 2016 variable compensation) and qualitative (30% of the 2016 variable compensation), as was the case in 2015, 2014, and 2013.

The quantitative objectives set by the Supervisory Board for 2016 include the operating income of Wendel companies (with a 30% weighting), cash usage (15% weighting), debt levels (15% weighting), and the increase in NAV (10% weighting), as they did for 2013, 2014, and 2015.

The qualitative objectives set by the Supervisory Board for 2016 related mainly to growth at IHS and the successful integration of new companies.

The percent achievement of each of these objectives cannot be made public for reasons of confidentiality about the Company's strategy.

The Governance Committee concluded that the objectives of the two Executive Board members was 85.23% met in 2016. The Governance Committee therefore proposed to the Supervisory Board that for 2016, Frédéric Lemoine be attributed 85.23% of his maximum variable compensation, or €1,022,760. The Supervisory Board approved this compensation.

Because the Executive Board members work closely together, their objectives are not assessed individually but collectively. Therefore Mr. Lemoine suggested that for 2016, Mr. Gautier receive 85.23% of his maximum variable compensation, or €681,840. The Supervisory Board approved this compensation on the recommendation of the Governance Committee.

Table 2 under the Afep-Medef Code

The amounts paid for 2016 equal the amounts actually received by each corporate officer. The amounts due correspond, in accordance with the AMF definition, to "compensation granted to the executive corporate officer during the year, irrespective of the date of payment".

The differences between the amounts paid and the amounts due result from the lag between the date on which director's fees and variable compensation are paid and the years to which they apply. These amounts include all compensation paid by Group companies during the year.

	2016		**2015**	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Frédéric Lemoine Chairman of the Executive Board				
Total fixed compensation	1,200,000	1,200,000	1,200,000	1,200,000
of which director's fees(1)	*253,615*	*239,465*	*239,424*	*221,189*
Variable compensation	1,022,760	1,050,120	1,050,120	1,020,000
Other compensation(2)	24,844	24,556	24,460	5,440
Benefits in kind(3)	12,408	12,408	12,222	12,222
TOTAL	**2,260,012**	**2,287,084**	**2,286,802**	**2,237,662**

(1) Frédéric Lemoine received director's fees from Bureau Veritas, Saint-Gobain, Trief Corporation SA, and Winvest Conseil SA.

(2) Frédéric Lemoine benefits from the agreements in force at Wendel, including the collective performance bonus plan and the Group savings and pension plans, in the same manner as any Wendel employee.

- In 2016 he received a gross collective performance bonus for 2015 of half of the annual reference amount determined by French Social Security *(plafond annuel de la Sécurité sociale)* for 2015, i.e. €19,020.
- Given the progression in NAV in 2016, in 2017 he will receive a gross collective performance bonus for 2016 equal to half the annual reference amount determined by French Social Security *(plafond annuel de la Sécurité sociale)* for 2016, i.e. €19,308.

His subscription to the 2016 capital increase reserved for employees who are members of the Group savings plan was matched by an increased contribution of €5,536.30.

(3) Since Frédéric Lemoine does not have an employment contract, he has had unemployment insurance provided by GSC (a specialized provider of unemployment insurance for business owners and corporate officers) since October 1, 2009.

He has use of a company car exclusively for business purposes.

He also receives health and death & disability insurance under the same terms and conditions as Wendel management employees.

	2016		2015	
	Amounts due	**Amounts paid**	**Amounts due**	**Amounts paid**
Bernard Gautier member of the Executive Board				
Total fixed compensation	800,000	800,000	800,000	800,000
of which director's fees[(1)]	*173,241*	*188,595*	*179,757*	*168,400*
Variable compensation	681,840	700,080	700,080	680,000
Other compensation[(2)]	24,844	24,556	24,460	5,440
Benefits in kind	-	-	-	-
TOTAL	**1,506,684**	**1,524,636**	**1,524,540**	**1,485,440**

The compensation paid to Bernard Gautier is entirely under his employment contract.

(1) Bernard Gautier received director's fees from Saint-Gobain, Trief Corporation SA, Winvest Conseil SA, Winvest International SA Sicar, Oranje-Nassau Développement SA Sicar, Expansion 17 SA Sicar, and Global Performance 17 SA Sicar.

(2) Mr. Gautier benefits from the agreements in force at Wendel:

In 2016 he received a gross collective performance bonus for 2015 of half of the annual reference amount determined by French Social Security *(plafond annuel de la Sécurité sociale)* for 2015, i.e. €19,020.

Given the progression in NAV in 2016, in 2017 he will receive a gross collective performance bonus for 2016 equal to half the annual reference amount determined by French Social Security *(plafond annuel de la Sécurité sociale)* for 2016, i.e. €19,308.

His subscription to the 2016 capital increase reserved for employees who are members of the Group savings plan was matched by a corporate contribution of €5,536.30.

2.1.7.5 Subscription-type and purchase-type stock options granted to executive corporate officers

The Executive Board members were not granted stock options in 2016.

Table 4 under the Afep-Medef Code

N/A

Fulfillment of performance conditions for options granted to Executive Board members:

- options granted on July 8, 2014: the performance condition for the number of options that can be exercised is an increase in net asset value of at least 10.25% from 2014 to 2016. This performance condition of a 10.25% increase in NAV (including dividends) was not met. Therefore all options granted on July 8, 2014 were lost;
- options granted on July 15, 2015: the performance condition for the number of options that can be exercised is an increase in NAV of at least 5% from 2015 to 2016. This performance condition of a 5% increase in NAV (including dividends) was not met. Achievement of the 2015-17 performance condition will be assessed in 2017.

A total of 51,600 stock options were granted in 2016 to the ten non-corporate-officer employees who received the highest number of stock options that year.

2.1.7.6 Options exercised by executive corporate officers during the year

Table 5 under the Afep-Medef Code

	Plan no. and date	Type of option (purchase or subscription)	Number of options exercised during the year	Strike price
Frédéric Lemoine	Plan W 3-1	Purchase	500	€44.32
	Date: June 4, 2010			
	Plan W 4-1	Purchase	16,000	€80.91
	Date: July 7, 2011			
	Plan W 6.1	Purchase	3,200	€82.90
	Date: July 1, 2013			
Bernard Gautier				
	Plan W 5-1	Purchase	30,264	€54.93
	Date: July 5, 2012			
TOTAL			**49,964**	

Table 8 under the Afep-Medef Code – Summary of all stock subscription or purchase option plans to date

	WI Plans				Wendel Plans								
	Plan no. 3		Plan no. 1		Plan no. 2		Plan no. 3	Plan no. 4	Plan no. 5	Plan no. 6	Plan no. 7	Plan no. 8	Plan no. 9
Date of Annual Shareholders' Meeting	06/10/2004		06/04/2007			06/05/2009	06/04/2010	05/30/2011	06/04/2012	05/28/2013	06/06/2014	06/05/2015	06/01/2016
Plan	WI 3-3	W1-1	W1-2	W1-3	W2-1	W2-2	W-3	W-4	W-5	W-6	W-7	W-8	W-9
Date of the Board of Directors or Executive Board meeting	07/04/2006	06/04/2007	07/15/2008	04/02/2009	07/16/2009	02/08/2010	06/04/2010	07/07/2011	07/05/2012	07/01/2013	07/08/2014	07/15/2015	07/07/2016
Type of option	Subscription	Subscription	Subscription	Subscription	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase
Initial total number of shares that can be subscribed or purchased	60,600	837,500	890,600	271,000	391,200	7,000	353,177	404,400	227,270	252,182	231,834	268,314	68,814
of which:													
Number initially granted to corporate officers:													
Frédéric Lemoine	-	-	-	-	120,000	-	105,000	96,000	54,542	53,518	52,632	51,747	0
Bernard Gautier	-	150,000	150,000	-	80,000	-	70,000	64,000	36,361	35,677	35,088	34,500	0
Start date for exercise of the options	07/04/2007	06/04/2012	07/15/2013	04/02/2014	07/16/2010(2)	02/08/2011	06/04/2011	07/07/2012	07/05/2013	07/01/2014	07/08/2015	07/15/2016	07/07/2017
Option expiration date	07/03/2016	06/04/2017	07/15/2018	04/02/2019	07/16/2019	02/08/2020	06/04/2020	07/07/2021	07/05/2022	07/01/2023	07/08/2024	07/15/2025	07/06/2026
Subscription or purchase price per share	€90.14	€132.96	€67.50	€18.96	€22.58	€41.73	€44.32	€80.91	€54.93	€82.90	€107.30	€112.39	€94.38
Discount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Performance conditions(1)	-	For everyone	For everyone	For everyone	For corporate officers	-	For everyone	For everyone	For everyone	For everyone	For everyone	For everyone	For everyone
Cumulative number of shares subscribed or purchased as of Dec. 31, 2016	39,000	0	91,889	186,050	372,961	4,000	311,742	213,575	133,662	76,736	0	0	0
Cumulative number of canceled or expired options	21,600	710,600	779,410	64,000	6,667	0	6,900	9,350	500	0	231,834	9,480	120
Number of options remaining to be subscribed to or purchased as of Dec. 31, 2016(3)	0	126,900	19,301	20,950	11,572	3,000	34,535	181,475	93,108	175,446	0	258,834	68,694
NUMBER OF OPTIONS REMAINING TO BE EXERCISED BY CORPORATE OFFICERS(3):													
Frédéric Lemoine				-	0	-	0	0	0	50,318	0	51,747	-
Bernard Gautier		37,500	0	-	0	-	0	64,000	0	35,677	0	34,500	-

(1) All performance conditions are tied to an increase in NAV.
(2) For corporate officers, the starting date for exercise of the options is July 16, 2012.
(3) Maximum number, subject to the realization of performance objectives.

2.1.7.7 Performance shares awarded to executive corporate officers during the year

Executive Board members were granted performance shares in 2016 of an amount determined by the Supervisory Board on the recommendation of the Governance Committee and within the limits set by shareholders at their Annual Meeting, as presented in the table below.

These performance shares have the following features:

- 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 the two-year period expires;
- a performance condition: the number of options ultimately exercisable is subject to NAV increasing by 5% p.a. over two years as follows: half of the options vest if the increase in NAV over the 2016-17 period is greater than or equal to 5%; all the options vest if the increase in NAV over the 2016-18 period is greater than or equal to 10.25%. The NAV used as the point of reference for 2016 is the average of the last three NAVs published before the grant date, or €134.7 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;
- a holding period condition: the members of the Executive Board must hold at least 500 shares obtained under the 2016 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.

Table 6 under the Afep-Medef Code

	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
Frédéric Lemoine	Plan 8-1	34,572	€49.40	July 9, 2018	July 9, 2018	
	Date: July 7, 2016					See above
Bernard Gautier	Plan 8-1	23,048	€49.40	July 9, 2018	July 9, 2018	
	Date: July 7, 2016					See above
TOTAL		**57,620**				

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 €49.40 as of the grant date (July 7, 2016), 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. 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 41,550 performance shares were granted in 2016 to the ten non-corporate-officer employees who received the highest number of performance shares that year.

Fulfillment of performance conditions for performance shares granted to Executive Board members:

- performance shares granted on July 8, 2014: the performance condition for the vesting of these shares was an increase in NAV of at least 10.25% from 2014 to 2016. This performance condition of a 10.25% increase in NAV (including dividends) was not met. Therefore all performance share granted on July 8, 2014 were lost;
- performance shares granted on July 15, 2015: the performance condition for the vesting of these shares was an increase in NAV of at least 5% from 2015 to 2016. This performance condition of a 5% increase in NAV was not met. Achievement of the 2015-17 performance condition will be assessed in 2017.

2.1.7.8 Performance shares awarded to executive corporate officers that became available during the year

No performance shares became available in 2016.

Table 9 under the Afep-Medef Code – Summary of all performance share grants to date

Situation as of 12/31/2016	**Plan 4-1**	**Plan 5-1**	**Plan 6-1**	**Plan 7-1**	**Plan 8-1**
Date of Annual Shareholders' Meeting	6/4/2012	5/28/2013	6/6/2014	6/5/2015	6/1/2016
Number of authorized shares as % of capital	0.30%	0.30%	0.30%	0,3333%	0,3333%
Share grants as % of capital	0.15%	0.13%	0.14%	0,147%	0,286%
Date of Executive Board meeting	7/5/2012	7/1/2013	7/8/2014	7/15/2015	7/7/2016
Number of performance shares granted	**75,754**	**64,595**	**68,928**	**70,268**	**137,122**
of which, shares granted to corporate officers:					
Frédéric Lemoine	18,181	17,838	17,544	17,249	34,572
Bernard Gautier	12,120	11,892	11,696	11,500	23,048
Shares to be issued/existing shares	Existing	Existing	Existing	Existing	Existing
Vesting date	7/5/2014	7/1/2015	7/8/2016	7/15/2017	7/9/2018
End of holding period	7/5/2016	7/1/2017	7/8/2018	7/15/2019	7/9/2018
Performance conditions	Yes	Yes	Yes	Yes	Yes
Share value at grant date	€54.93	€82.90	€107.30	€112.39	€94.38
Share value at vesting date	€105.40	€111.00	-	-	-
Number of shares vested	**75,587**	**64,595**	**0**	**0**	**0**
Cumulative number of canceled or expired shares	**167**	**0**	**68,928**	**2,730**	**40**
Number of shares not yet vested	**0**	**0**	**0**	**67,538**	**137,082**

2.1.7.9 Position of executive corporate officers with respect to Afep-Medef recommendations

Table 11 under the Afep-Medef Code

The position of corporate officers complies in every respect with Afep-Medef recommendations.

	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
Frédéric Lemoine Chairman of the Executive Board (April 7, 2009 to April 7, 2013; April 7, 2013 to April 7, 2017)		X		X	X			X
Bernard Gautier Member of the Executive Board (April 7, 2009 to April 7, 2013; April 7, 2013 to April 7, 2017)	X			X	X			X

Employment contracts

See section 2.1.7.1, "Compensation policy for Executive Board members."

Termination benefits

See section 2.1.7.1, "Compensation policy for Executive Board members."

2.1.7.10 Director's fees and other compensation received by non-executive corporate officers

The shareholders set the annual amount of director's fees at €750,000 during their June 4, 2010 Annual Meeting.

The Supervisory Board decided the following breakdown, on an annual basis:

. basic director's fee: €35,000;

. double director's fee for the Chairman of the Supervisory Board and of each Supervisory Board Committee: €70,000;

. additional fee for committee membership: €15,000.

A proposal to increase this amount to €900,000 will be submitted to shareholders at their Annual Meeting of May 18, 2017.

Contrary to the Afep-Medef recommendation, the Supervisory Board has not considered it necessary, given the attendance rates indicated in section 2.1.2.3., to modulate director's fees based on attendance (see section 2.1.3, "Corporate governance statement").

Finally, 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 at its December 1, 2010, meeting, on the recommendation of the Governance Committee.

The director's fees and other 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

Director's fees and other compensation received by non-executive, non-employee corporate officers(1)

Non-executive corporate officers	Amounts paid in 2016	Amounts paid in 2015
François de Wendel		
Director's fees	70,000	70,000
Wendel-Participations director's fees	18,832	18,832
Compensation as Chairman of the Supervisory Board	70,000	70,000
TOTAL	**158,832**	**158,832**
Dominique Hériard Dubreuil		
Director's fees	85,000	67,500
Gérard Buffière		
Director's fees (until June 2015)	0	25,000
Laurent Burelle		
Director's fees	35,000	35,000
Didier Cherpitel		
Director's fees (until June 2015)	0	42,500
Bénédicte Coste		
Director's fees	50,000	50,000
Wendel-Participations director's fees	9,416	9,416
TOTAL	**59,416**	**59,416**
Édouard de l'Espée		
Director's fees	50,000	50,000
Wendel-Participations director's fees	9,416	9,416
TOTAL	**59,416**	**59,416**

Non-executive corporate officers	Amounts paid in 2016	Amounts paid in 2015
Priscilla de Moustier		
Director's fees	50,000	50,000
Wendel-Participations director's fees	9,416	9,416
TOTAL	**59,416**	**59,416**
Christian d'Oosthove		
Director's fees	50,000	50,000
Wendel-Participations director's fees	9,416	9,416
TOTAL	**59,416**	**59,416**
Gervais Pellissier		
Director's fees (from July 2015)	50,000	25,000
Guylaine Saucier		
Director's fees	85,000	85,000
Jacqueline Tammenoms Bakker		
Director's fees (from July 2015)	50,000	25,000
Humbert de Wendel		
Director's fees	50,000	50,000
Wendel-Participations director's fees	9,416	9,416
TOTAL	**59,416**	**59,416**
TOTAL	**760,912**	**760,912**
Of which Wendel director's fees and compensation of the Supervisory Board Chairman	695,000	695,000

(1) The Supervisory Board member who is an employee does not receive director's fees for his position on the Board, and the above table does not include the compensation paid to him by the Company.

2.2 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 2.3 below, in the report on risk management and internal controls.

The risk factors presented in this section are those that could have a material effect on the business operations, financial situation or future performance of the Company or of the companies that were fully consolidated during the fiscal year under review and as of the date of this registration document.

Risk factors concerning Saint-Gobain and exceet, listed companies that are consolidated by the equity method, are presented in their respective registration documents or annual financial reports.

2.2.1 Financial risks

Information on liquidity, interest-rate, currency and equity risks of Wendel and its controlled subsidiaries can be found in Note 5, "Managing financial risks," to the consolidated financial statements, given in this registration document.

2.2.2 Operational risks

Wendel, Trief, and Oranje-Nassau

Risks related to the equity-investment operations of Wendel, Trief, Oranje-Nassau, and their holding companies are described below.

2.2.2.1 Risks related to due diligence on planned investments

Description

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 on operating, environmental, financial, accounting, legal and tax data communicated during due diligence, and this information might not be entirely accurate or complete.

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 regulary and include considerations related to CSR and digitalization.

2.2.2.2 Risks related to legislative and regulatory changes

Description

Legal considerations related to acquisitions are often complex, because legislative and regulatory requirements must be met with respect to foreign legal systems, and because specific organizational structures must be implemented depending on the characteristics of each investment.

Moreover, unfavorable changes in tax legislation could make Wendel's investment transactions less attractive.

Recently-passed laws on compliance and the cross-border application of foreign regulations also require Wendel and its portfolio companies to be more vigilant.

Risk management

During an acquisition, Wendel's Investment Unit, in association with staff from the legal, tax, and Finance departments, work with top consultants in the local markets to ensure that the new structure complies with all applicable legal, regulatory, and tax requirements.

Wendel and its portfolio companies are gradually rolling out effective compliance programs tailored to their specific operations.

2.2.2.3 Risks related to valuing portfolio companies

Description

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 value. Unlisted controlled companies are less liquid than listed companies. The current high volatility in the financial markets could cause NAV to fluctuate significantly. There is no guarantee that portfolio companies can be sold at a value at least equal to that used to calculate Wendel's NAV. The sale of equity investments can be facilitated or hindered by market conditions.

Risk management

Wendel's NAV is calculated five times a year, using a precise, stable methodology (see section 4.3). It is finalized by the Executive Board, reviewed by the Audit Committee, and examined by the Supervisory Board (see section 2.1.4.1). An independent appraiser makes and submits its own valuation.

2.2.2.4 Risks related to the portfolio's regional and sectorial exposure

Description

A high level of concentration in specific regions and sectors can create significant financial 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.

Risk management

Wendel seeks to reduce its sensitivity to valuation risks of the companies in its portfolio by diversifying its assets, both sectorally and geographically. In this regard, Wendel invested in two African companies in 2013: the IHS Group, which operates in telecom infrastructure; and Saham Group, which operates in several industries including healthcare and insurance. In 2015, Wendel completed two acquisitions in the packaging industry, one in the United States and one in Austria, with these companies operating in very different market segments. In 2016, Wendel increased its presence in the United States with the purchase of a stake in Allied Universal, and in South Africa with the acquisition of Tsebo, a pan-African leader in corporate services. All these companies operate in several African countries, thereby reducing country-specific risk. Wendel also supports its portfolio companies' international expansion, in particular by opening offices outside France.

2.2.2.5 Risks related to dependence on key personnel

Description

Wendel's ability to seize investment opportunities, best manage its equity investments and optimize financing and refinancing depend on the skills and stability of its Executive Board and management team. As a result, the departure of key people could have a negative impact on Wendel's investment activity.

The departure of a member of the management team of a portfolio company could also have a negative impact on that company's strategy and business development, given the active partnerships that Wendel forms with portfolio companies' management teams.

Risk management

Aligning the interests of shareholders, Wendel's management, and the management of its portfolio companies not only creates value, but can also sharply reduce the risk of dependence on key personnel. This alignment involves close communication with the management teams of portfolio companies, as well as co-investments. The collegial nature of Wendel's processes for making investment and divestment decisions and for monitoring portfolio companies limits the impact that the departure of key personnel would have.

2.2.2.6 CSR-related risks

Description

Wendel's sole business is taking equity stakes in other companies. However, under France's new anti-corruption law (Sapin II) and duty-of-care law, as well as recent jurisprudence, parent companies can be held liable in disputes relating to the environment and fair trading practices. Such disputes could also damage Wendel's reputation.

Risk management

Before investing in a company, Wendel carefully assesses the risks related to the Company's operations. Wendel may also carry out in-depth assessments of specific risks. For instance, the Company has carried out integrity due diligence on entities in "high-risk" countries. Such assessments will be enhanced as Wendel rolls out its compliance program.

2.2.2.7 Risks of portfolio companies

Bureau Veritas

The main risks identified by Bureau Veritas are: changes to the macroeconomic environment; geopolitical risks; competitive pressure; the emergence of new technologies; risks related to human resources and worker health and safety; the possibility of the loss, suspension, or inability to renew necessary permits; risks related to acquisitions; risks related to providing services to governments; risks related to international sanctions; image-related risks; ethical risks; risks related to the Company's shareholder structure; IT risks; legal risks (pre-litigation, litigation, maintenance of insurance coverage for the Company's operations, and new regulatory requirements); and financial and market risks (indebtedness, financing, group commitments, interest rates, liquidity, exchange rates, counterparties and credit, taxation, and the sensitivity of earnings and equity).

The Bureau Veritas management team is in charge of managing these risks. Bureau Veritas describes these risk factors in more detail in its 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: changes to the macroeconomic environment; rises in certain raw material costs; intense competition and pricing pressure; industrial and environmental risks; currency risk; liquidity risk arising from the financing structure of this investment (see the section on liquidity risk management in the consolidated financial statements); and the risk of customer claims.

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; competitive pressure; a rise in raw material prices; the concentration of chemical suppliers; sectoral innovation; 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); and liquidity risk arising from the financing structure for this investment (see the section on liquidity risk management in the consolidated financial statements).

In 2016, Stahl acquired a flame retarder business from Eagle Performance Products and a leather treatment business from Viswaat Chemicals. The identified risks related to these acquisitions are: the risk of negative synergies; the risk of a decline in business activity; and risks associated with staff integration.

The Stahl management team is in charge of managing these risks.

Mecatherm

The main risks identified by Mecatherm are: changes to the global macroeconomic environment; price pressure; difficulties obtaining financing and securing payments; seasonality in customer orders that could lead to difficulties managing the load on production facilities; and operating constraints resulting from the completion of a new ERP system and business transformation projects.

The Mecatherm management team is in charge of managing these risks.

Nippon Oil Pump

The main risks identified for Nippon Oil Pump are: increases in raw materials prices (especially iron and copper); the late or disrupted delivery of supplies; counterfeit risk; and delays in getting new products to market.

The Nippon Oil Pump management team is in charge of managing these risks.

Constantia Flexibles

The main risks identified for Constantia Flexibles are: the volatility of commodity prices; sustainable development and environmental issues; hiring and retaining talented employees; finding the right balance between product pricing and maintaining long-term relationships with key customers; possible interruptions to production processes; machine breakdowns and quality requirements; and IT risks. The packaging industry is subject to a number of regulatory requirements that expose the Company to product liability-related risks. 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. These risks are described in detail in the company's annual financial report, which is available on its website, www.cflex.com.

CSP Technologies

The main risks identified for CSP Technologies are: volatility in exchange rates and raw materials prices, especially polyethylene and other polymer resins; the risk of losing important customers; the risk that the company's products could be replaced by new technology; the risk of losing market share to more price-aggressive competitors; and risks related to the ability to effectively integrate and manage newly-acquired companies.

The CSP Technologies management team is in charge of managing these risks.

Former subsidiaries and activities

In the past, Wendel has held subsidiaries or conducted commercial or industrial activities, either directly or indirectly. In this regard, it risks being held responsible for personal injury, property damage, compliance with environmental or competitive regulations, etc.

2.2.3 Regulation

The Wendel Group

As an investment company, Wendel SE is not subject to any specific regulations.

Wendel invests in its unlisted equity investments via venture capital investment funds (*sociétés d'investissement en capital à risque – SICAR*) in Luxembourg. These funds are regulated by the country's financial regulator, the *Commission de surveillance du secteur financier* (CSSF), and are considered as alternative investment funds under the Luxembourg Act of July 12, 2013, which transposed the AIFM Directive into the country's domestic law. The funds 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, the central administration of the SICARs, and for marketing their units. 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, filed for registration with the Securities and Exchange Commission (SEC) as an Investment Advisor in March 2017.

The tax rules applicable to Wendel could change adversely.

Each of the Group's companies carries out its business in compliance with its own regulatory environment, which differs according to the industry and the country in which it operates.

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 information on regulations applicable to Bureau Veritas, please refer to the company's registration document. It is available on the websites of Bureau Veritas (www.bureauveritas.fr) and the AMF (www. amf-france.org).

Stahl

Stahl operates in 23 countries. Its manufacturing sites are located in ten countries: Singapore, China, India, Netherlands, Brazil, Spain, Mexico, Italy, Germany and the United States. Stahl has obtained the authorizations necessary to operate in these countries. These authorizations relate to safety, health and the environment. In other countries, Stahl exercises commercial or storage activities.

To the best of Stahl's knowledge, no regulatory change is likely to have a material effect on its business.

Cromology

Cromology's business is not subject to any specific regulations apart from those applicable to paints, such as the EU REACH regulation, regulations on volatile organic compounds (VOCs) in paints, regulations on certain raw materials important to paint formulation, and regulations on paint-related waste.

Mecatherm

All of Mecatherm's manufacturing sites are in France, with the primary one in the Alsace region. Regulations applying to Mecatherm do not have a significant impact on its business.

Nippon Oil Pump

Nippon Oil Pump has two manufacturing sites in Japan and sales offices in Germany, China, Taiwan, and India. The company's operations are not subject to any specific set of regulations in Japan, Germany, and India. The company has obtained all necessary operating permits in China and Taiwan.

Constantia Flexibles

Constantia Flexibles has production plants in 23 countries on five continents. It has obtained all the required permits and is not aware of any regulatory changes that could affect those permits.

CSP Technologies

CSP Technologies' main customers operate in highly-regulated markets, especially in the medical and food industries. The company has received approval from the US Food & Drug Administration to operate in the food industry in the United States.

STATEMENT

To the best of the Company's knowledge, there is no foreseeable change in regulations or development in case law that could have a significant impact on the activities of Wendel's subsidiaries.

2.2.4 Disputes and litigation

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 is no other pending or foreseeable governmental, legal or arbitration proceeding involving the Company or any of its controlled subsidiaries that may have or that has had, during the previous fiscal year and as of the date of this registration document, a material adverse effect on the financial position or profitability of the Company and/or the Group.

2.2.5 Insurance

Wendel

As part of its risk management policy, Wendel has taken out policies with leading insurance companies, and regularly issues requests for proposals so as to improve its coverage while taking advantage the best market prices. The following principal risks are now covered:

- damage to property (buildings and/or tenant's liability risk) and contents: the policy covers physical damage to property up to €50 million;
- information technology risks: this policy covers up to €1.2 million;
- general liability: this policy covers bodily injury, property damage and other losses to third parties up to €10 million;
- automobile fleet: this policy provides €1 million of coverage for property damage;
- non-owned auto: this policy insures the use of a personal vehicle for occasional travel that is required for Wendel business. It provides unlimited coverage for bodily injury and up to €100 million for property damage and economic loss;
- company employees who travel are also covered by various assistance contracts and insurance policies. The Company has implemented a risk awareness and prevention program for the risks related to certain countries;
- professional liability: this policy covers litigation risks up to €25 million 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. The policy includes professional liability insurance for Wendel's international operations;
- 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 duties of management, supervision or administration. Coverage is available under this policy up to €100 million. The policy includes general liability insurance for Wendel employees working at its international sites.

Bureau Veritas

In 2016, the Bureau Veritas Group continued to centralize and optimize its insurance policies.

The centralized insurance policies are:

- a professional and general liability program covering all of the Company'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;
- the Group is setting up an international insurance program for property damage and related financial losses. The program started being rolled out country-by-country on January 1, 2014.

Other risks are insured locally, such as for automobile accidents, workplace accidents, and risks related to the Construction division in France, Spain and Germany.

Bureau Veritas set up a dedicated reinsurance captive in 1990, which insures the primary layer of its operating and professional liability program.

Stahl

Stahl is continuing to centralize and optimize its insurance policies:

- direct property damage and business interruption;
- professional liability insurance;
- general liability insurance for corporate officers;
- maritime transportation insurance.

Cromology

Cromology has taken out the following insurance policies:

- general liability insurance;
- ten-year general liability insurance and ten-year liability insurance for applicators;
- insurance for property damage and business interruption;
- environmental liability insurance;
- general liability insurance for corporate officers;
- a fraud policy;
- an "employer" policy (employee relations);
- a business travel accident policy.

Mecatherm

Mecatherm has taken out the following insurance policies:

- general liability insurance;
- general liability insurance for corporate officers;
- multi-risk industrial insurance, including business interruption;
- merchandise transport, assembly, and testing insurance, including in factories;
- "business class" insurance for traveling employees;
- car fleet insurance and insurance for business use of personal vehicles.

Nippon Oil Pump

Nippon Oil Pump has taken out the following insurance policies:

- general liability insurance for production plants and offices;
- general liability insurance for products and operations;
- injury and property damage insurance.

Constantia Flexibles

Constantia Flexibles has taken out the following insurance policies:

- general liability insurance for corporate officers;
- transportation and maritime transportation liability insurance;
- general liability insurance for products, operations, and pollution damage;
- business travel and accident insurance for employees;
- accident insurance for damage to third parties;
- insurance for property damage and business interruption;

CSP Technologies

CSP Technologies has taken out the following insurance policies:

- general liability insurance;
- car fleet insurance;
- "employer" insurance;
- general liability insurance for executives;
- transportation and maritime transportation liability insurance;
- insurance for property damage;
- accident insurance for employees;
- international multi-risk insurance;
- pension fund liability insurance;
- insurance against employee claims.

2.3 Supervisory Board Chairman's report on internal controls

2.3.1 Introduction

In accordance with Article L. 225-68 of the French Commercial Code as amended by the French Financial Security Act (LSF) of August 1, 2003 and the French Acts of December 30, 2006 and July 3, 2008, the Chairman of the Supervisory Board prepared this report on Wendel's risk management and internal control procedures on March 15, 2017.

To prepare this report, the Supervisory Board Chairman consulted the Executive Board, which gathered the necessary information from the relevant entities and managers. This report was submitted for review by the Audit Committee and approval by the Supervisory Board at its meeting of March 22, 2017.

Wendel's internal control policy forms part of the Company's broader Corporate governance rules, under which the Audit 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 reliable information is provided to shareholders and financial markets.

The following sections of the report provide more details on Wendel's internal control and risk management procedures.

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. 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 making sure the system is implemented across all its operations, Wendel has put in place the necessary processes to manage all the risks it is exposed to.

The internal control system aims to ensure that the Company 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 helps Wendel 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 the Company is exposed are managed in their entirety, nor that the Company 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:

- a carefully-selected and well-managed organization with competent, responsible men and women that draws on properly-designed IT systems, procedures, tools, and practices;
- 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;
- regular reviews of internal control practices.

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 to Wendel.

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 Company's 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 that exceed the limit deemed acceptable by the Company are dealt with 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 ensures 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 the Company's objectives will be achieved.

Internal control scope

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. The Wendel Group (Wendel SE and its fully consolidated subsidiaries) is a group 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.

2.3.2 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 system has a tight governance structure that ensures 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

The Supervisory Board and its committees

The Supervisory Board exercises permanent oversight of the Executive Board's management of Wendel. 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 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 Committee is responsible for ensuring 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 representatives present, and ensuring they remain independent. The Audit Committee's tasks are described in detail in section 2.1.4.1 of the registration document.

The Governance 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 Committee proposes the co-investment policy intended for senior managers to the Supervisory Board. The Governance Committee's tasks are described in section 2.1.4.2 of the registration 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. The Supervisory Board regularly formalizes and summarizes its self-evaluation using a questionnaire completed by each of its members, in accordance with the Afep-Medef Code recommendations. In 2015, the Supervisory Board performed a self-evaluation overseen by the Chairwoman of the Governance Committee and with the help of a questionnaire sent to all Supervisory Board members.

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 are described in section 2.1.5 of the registration document. These rules are part of the internal control process. The division of roles between the Supervisory and Executive Boards 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 2.1.2. The internal regulations are reviewed regularly to take into account any new laws and the latest best practices for corporate governance.

Executive Board and its Committees

The Executive Board has two members. It meets at least once every two weeks and as often as required by Wendel's interests. Its decisions are made collegially.

The Executive Board has organized Wendel's procedures by setting up three Committees:

- an Investment Committee, which includes the Executive Board and six of the Managing Directors of the Investment Unit, and the Chief Financial Officer. It meets once a week 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 every two weeks;
- 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 every two weeks.

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, making it possible to apply all the risk management and internal control principles described in this report to them.

Operating subsidiaries

Each operating subsidiary enjoys full management autonomy but reports to Wendel 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

The Company created an Internal Audit department in early 2016.

This department is responsible for evaluating the internal control and risk management systems of Wendel, its holding, investment, and advisory companies, and its operating subsidiaries, as well as for regularly checking those systems and making recommendations for improving them. It is also responsible for coordinating continuous improvement efforts for internal control and risk management systems.

The 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.

The department provides support to senior management that is independent of the operations and functions that it reviews. It reports to the Chief Financial Officer, and its work is approved by the Executive Board before being presented to the Audit Committee.

Internal control environment

Reporting information within the framework of decision and control processes

The Supervisory Board and Audit Committee are regularly provided with necessary information on business matters, strategic planning, and the risks to which Wendel is 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 three 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

At Wendel, each person's responsibility for organizing, preparing and reporting information is clearly identified. Several procedures help ensure this:

- the Executive Board convenes meetings of all Wendel's 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 Company's Ethics Code, and the IT System charter – helps each employee to comply with the internal control procedures established by the Executive Board. Wendel has drafted a finance and business administration procedure for its advisory companies to make sure they also implement the Group's internal controls;
- an intranet is operational at Wendel: it serves to share useful information with all Wendel 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 endeavors 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 is strengthened on an ongoing basis. 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;
- Wendel has appointed a data protection/freedom of information correspondent whose role is to keep the list of Wendel IT processes up to date and to ensure that the French data protection/freedom of information act (*Informatique et libertés*) is properly applied. In particular the correspondent is responsible for ensuring that employees' rights to access and restrict the use of their personal data are respected;
- 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, ensure compliance with the laws and regulations in the countries where Wendel and its holding, investment, and advisory companies are located. They constantly 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's 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 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 2.1.6.

Code of Ethics

The Executive Board of Wendel 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 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 & safety, personal data protection, the preservation of operating resources, and being a responsible corporate citizen.

Compliance experts gave special training to Wendel managers in January 2016 as part of the implementation of the new Code of Ethics.

Wendel's General Secretary is responsible for overseeing compliance with the Code.

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 Company 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.

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 advanced security mechanisms for protecting the data they store.

2.3.3 Periodic assessments of main risks

Wendel:

Note 15.1 to the consolidated financial statements and section 2.2 detail the main risks Wendel encounters, owing to its businesses and the way the Group is organized, and how those risks are covered.

Wendel 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 in the following ways:

- the Investment Unit 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;
- the Executive Board and the Investment Unit also ensure 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 financial risks (financial leverage, liquidity, interest rates, foreign exchange), cash management, and the quality of Wendel's financial counterparties, NAV, 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 to adjust Wendel's exposure to these risks if deemed necessary;
- the Internal Audit department, created in early 2016, is responsible for evaluating the internal control and risk management procedures of Wendel, its holding, investment, and advisory companies, and its operating subsidiaries;
- the Legal department is responsible for Wendel's legal security and ensuring that Wendel's 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's holding companies adhere to company law and laws governing market trading and Corporate governance, and that Wendel adheres to regulations on compliance, ethics, disputes and litigation, data protection and freedom of information, general liability insurance for corporate officers, professional liability insurance, and intellectual property;
- the Tax department monitors tax regulations, ensures that Wendel's 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 Communications department ensures that the financial information communicated to investors and analysts is of high quality;
- the Operational Resources department is in charge of managing human resources risks, risks to people and equipment, and the prevention of IT risks (intrusion, data security and storage, business continuity, etc.);

- the international offices in London, Casablanca, Luxembourg, New York, Singapore, and Tokyo provide the Group with business and investment advice for their respective regions. In 2015, Wendel reopened an office in London in order to take advantage of the international nature of the opportunities available in that market.

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 presents the main risks that could significantly impact the value of Wendel's assets to 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 Committee is responsible for monitoring the effectiveness of the Company's internal control and risk management systems. A list 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 Committee. This list relates primarily to the risks borne by Wendel and its holding companies. It is updated regularly.

For certain principal risks identified in the list, 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 Committee. In addition, the Audit Committee examines risk management at certain subsidiaries and associated companies. The Chairwoman of the Audit Committee presents a summary of the Audit Committee's findings to the Supervisory Board.

Subsidiaries and associated companies

Subsidiaries 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 presence in the governing bodies of its subsidiaries allows it to ensure that major risks are actively monitored.

Wendel also draws on its Internal Audit department as well as those of its subsidiaries (when they have them), and on subsidiaries' risk reports to assess their main risks and internal control procedures.

Wendel also takes into account the conclusions of the independent Auditors of its subsidiaries and associated companies. To improve communication, they are part of the same networks as Wendel's Statutory Auditors.

2.3.4 Appropriate internal control processes

Wendel 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 weekly to examine progress made on planned acquisitions and divestments and to explore new opportunities. The committee includes the Executive Board, six Managing Directors of the Investment Unit 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 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 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 Committee and to the Supervisory Board.

Monitoring investments

Monitoring the existing portfolio involves:

- a monthly operational report from each subsidiary and associated company presenting trends in sales, profitability and financial debt. 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;
- regular work sessions with the managers of each subsidiary and associated company. The agenda for these meetings includes, in addition to a review of the business, an in-depth analysis of an important topic (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 subsidiary and associate, updated at additional meetings when new projections become available;
- numerous discussions or meetings organized with members of the management of each subsidiary and associated company, if required.

The members of the Investment Committee present a summary of their work monitoring the subsidiaries and associates 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 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 subsidiaries and associated companies helps ensure that risk management and internal control procedures function properly.

Wendel's Supervisory Board is kept regularly informed of trends in the economic and financial situation of subsidiaries and associated companies at the numerous meetings described in the section titled "An appropriate organization with clearly-defined responsibilities and powers."

Senior executives of all subsidiaries and associated companies are chosen in agreement with Wendel. In addition, Wendel representatives take part in the governing bodies of each subsidiary or associated company, enabling it to closely monitor the compensation of their principal executives and ensure its incentive character. Wendel also thereby ensures that the interests of the executives are aligned 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 has been rated by Standard & Poor's since September 2002;
- 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 and its holding companies;
- Wendel 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 entitled "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 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 and its holding companies 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 always 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.

For Wendel's advisory companies, the Chief Financial Officer has issued a procedure for managing their finances and business administration. The Finance department carries out a formal internal review of Wendel's advisory companies 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 reports directly to the Managing Director in charge of operating resources, who regularly proposes and implements initiatives on data conservation and storage systems. An IT continuity plan is in place and provides for fully redundant (or replicated) data in real time between the Group's two long-standing sites, Paris and Luxembourg. The two sites are linked via a private line. Access to messaging data, business line applications and all files is secure.

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), 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 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 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 ensure 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 ensures 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 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 all 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 subsidiary level:

- to ensure 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' 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 attend Board of Directors/Supervisory Board meetings and/or Audit Committee meetings of subsidiaries and associated companies.

At the Wendel level:

- the Group CFO is responsible for accounting policies and ensuring 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 ensure that issues raised in previous financial periods have been resolved 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 constant contact with the Chief Financial Officer during the preparation of the financial statements. In particular, he 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 Committee: this committee's remit, mode of operation and activity during the fiscal year are presented in detail in section 2.1.4. 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.

Internal control procedures related to financial information

Once the parent company and consolidated statements have been finalized and net asset value calculated, the Audit 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.

2.3.5 Review of the internal control system

The processes implemented at Wendel allow the Company to regularly verify their effectiveness and take any steps necessary to improve them.

In addition to the controls carried out continuously 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.

Comprehensive review of the internal control system using detailed self-evaluation questionnaires

Since 2007, Wendel 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 reflects all control principles and objectives provided for in the AMF's reference framework while adapting them to Wendel's specific features and activities, i.e. by identifying the specific areas of risk, such as financial risks.

Wendel completes the questionnaire once a year and distributes it to its principal, fully-consolidated operating subsidiaries. Each year the questionnaire is reviewed and revised, if necessary, the replies are updated, and the suggested improvements are followed up on.

The questionnaire has three parts:

1) General principles of risk management and internal control:
- organization and operating methods,
- internal dissemination of information,
- risk management,
- control activities,
- internal control oversight,

2) Accounting and financial organization oversight:
- general organization,
- resource management,
- understanding and proper use of accounting rules,
- organization and security of IT systems,
- role of senior executives and the Company's governing bodies in relation to finalizing the financial statements;

3) Preparation of accounting and financial information.
This questionnaire covers all accounting cycles. The subsidiaries have deployed the questionnaire in their main divisions.

The Audit Committees of subsidiaries subject to controls (for those that have Audit Committees) 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.

In agreement with Wendel, NOP focused its review on risk management and internal control issues that it feels are most important and relevant to its operations and organization. The findings of the questionnaires were given to Wendel's Audit Committee, and a summary of the replies were used in preparing this report.

Wendel also reviewed the internal control governance systems related to generating financial information at associates that are not fully consolidated.

2.3.6 Achievements in 2016

The application of procedures implemented in previous years was reviewed and improved in 2016 where necessary.

Wendel managers received special training to become more familiar with and keep up to date with the compliance rules that the Company and its employees must follow.

2.4 Statutory Auditors' report, prepared in accordance with Article L. 225-235 of the French Commercial Code (*Code de commerce*), on the report prepared by the Chairman of the Supervisory Board of Wendel

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.

To the Shareholders,

In our capacity as statutory auditors of Wendel and in accordance with article L. 225-235 of the French Commercial Code (*Code de commerce*), we hereby report to you on the report prepared by the Chairman of your Company in accordance with article L. 225-68 of the French Commercial Code (*Code de commerce*) for the year ended 31 December 2016.

It is the Chairman's responsibility to prepare and submit for the Supervisory Board's approval a report on internal control and risk management procedures implemented by the Company and to provide the other information required by article L. 225-68 of the French Commercial Code (*Code de commerce*) relating to matters such as corporate governance.

Our role is to:

- report on any matters as to the information contained in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information;
- confirm that the report also includes the other information required by article L. 225-68 of the French Commercial Code (*Code de commerce*). It should be noted that our role is not to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of the accounting and financial information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Supervisory Board in accordance with article L. 225-68 of the French Commercial Code (*Code de commerce*).

Other information

We confirm that the report prepared by the Chairman of the Supervisory Board also contains the other information required by article L. 225-68 of the French Commercial Code (*Code de commerce*).

Neuilly-sur-Seine and Paris-La Défense, April 7, 2017

The Statutory Auditors
French original signed by:

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Françoise Garnier	Jean Bouquot

3

WENDEL'S CORPORATE SOCIAL RESPONSIBILITY

3.1 Corporate social responsibility (CSR) in Wendel's activities

Wendel believes that corporate social responsibility (CSR) drives growth for companies. Through its long-term action, Wendel encourages its companies to implement Corporate Social Responsibility practices. At the same time, it defines its own CSR policy that is adapted to its role of investor and applied by a core team of professionals.

3.1.1 Promoting CSR as part of its role as a long-term investor

Encouraging subsidiaries to integrate CSR

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 teams, that these companies gradually integrate CSR issues in their risk management and growth strategies.

The Sustainable Development department established by Wendel in 2011 coordinates initiatives in this area. It is guided by a 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 and in particular the director of Internal Audit as of 2016, the General Secretariat, the Communications and Sustainable Development department, and the Operational Resources (human resources, IT, and facilities management) department.

In 2015, Wendel adopted a Code of Ethics, approved by its Executive Board.

As a shareholder, Wendel assesses CSR risks and opportunities at every phase of its investing life cycle.

- At the time of acquisition:

When Wendel is considering an investment, it conducts due diligence on environmental and social issues as part of the overall risk analysis of the target company's business. For the AlliedBarton acquisition, given the nature of the company's business, particular attention was given to working conditions, compensation, and human resources in general;

- Throughout the long-term support it provides to its companies:

The management team in each Wendel Group company has direct responsibility for managing CSR issues. Nevertheless, as a professional shareholder, Wendel monitors and encourages the CSR efforts of its subsidiaries and associated companies, especially in two areas: employee safety and the environmental performance of the products and services that are designed or distributed.

- Wendel's management is particularly attentive to employee safety and health issues, which it considers priorities. Moreover, workplace safety indicators are often a proxy for how well the management team runs the company. For example, at Cromology, the accident rate is a factor in determining its management's variable compensation. The rate dropped by two-thirds between 2005 and 2016. At Wendel's request, Stahl's Board of Directors has also been tracking this indicator since 2006, when Stahl joined the Wendel Group. Stahl is a model for workplace safety, with an especially low accident frequency rate of less than 0.15[1] for the fourth consecutive year. To enhance this high level of performance, Stahl initiated a two-year campaign to promote internal safety, with the goal of reducing the number of incidents within the company. Positive results of this campaign were already noticeable between 2015 and 2016.

(1) Frequency rate is calculated as follows: (number of reported accidents with more than one lost day x 100,000)/ (number of worked hours).

- Wendel's subsidiaries are gradually integrating environmental issues into the design of their products and services. With its solutions, Bureau Veritas helps customers continuously improve their operations in the areas of health and hygiene, safety and the environment. More than 80% of Stahl's products are now solvent-free. Cromology develops innovative products with new functions that are more resistant, and therefore better for the environment from a life-cycle perspective, and meet French "HQE" (High Environmental Quality) standards. Cromology achieved its goal of reducing the volatile organic compounds (VOC) emissions of its products in ten years. Nearly 90% of the paints in its product ranges are now water-based. Saint-Gobain's Corporate Social Responsibility (CSR) policy centers on four commitments: inventing sustainable buildings, limiting environmental impact, encouraging the professional growth of employees, and taking action for local development. Saint-Gobain participates actively in discussions on the energy efficiency of buildings and develops eco-innovative solutions to reduce the environmental impact of products used in construction, by considering their whole life cycle, in new buildings as well as renovations. Saint-Gobain was also an official partner for the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 21), which resulted in a new international climate agreement applicable to all countries, with the goal of keeping global warming well below 1.5°C. Through this partnership, Saint-Gobain reiterated its commitment to environmental protection and affirmed its intention to become the leader in sustainable building. Moreover, Saint-Gobain is among the 100 Carbon Pricing "Champions of Caring for Climate", the Global Pact initiative that brings together companies ready to commit to internal carbon pricing verification.
- Every Group subsidiary and associated company is expected to develop a CSR policy addressing its specific issues. Group companies operate in very different fields (see section 1.7 "Subsidiaries and associated companies") and are at different stages of maturity in implementing dedicated CSR policies and indicators. Wendel therefore considers that it would not be useful to produce consolidated CSR indicators to the extent that these figures would have no operational meaning.

The results of the checks and controls performed by the independent third-party verifier are communicated to the investment team.

Significant aspects of the sustainable development policies of Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Mecatherm, and CSP Technologies, the companies in which Wendel is the majority shareholder, are presented in section 3.2 "Wendel's subsidiaries reviewed by an independent verifier".

Preventing market abuse and monitoring internal control procedures at its subsidiaries

A Market Confidentiality and Ethics Code establishes rules for all employees and corporate officers of the Company to prevent market abuse. The main obligations contained in this Code are described in section 2.1.6 of this registration document. The main provisions applying to Supervisory Board members have been incorporated into the Board's rules of procedure.

Every year, Wendel also surveys the general internal control principles implemented by its consolidated subsidiaries using a questionnaire, as part of its analysis of risk factors related to their business activities.

The questionnaire is based on the reference framework of the Autorité des marchés financiers (AMF) and mainly deals with the following areas:

- definition and formal communication of delegations of power;
- regular reviews of how duties are separated and how the organization enables each individual's responsibilities to be identified and conflicts to be resolved;
- verification by subsidiaries that the variable compensation policy for its senior executives does not increase the risk of fraudulent conduct;
- and the implementation of a code of conduct or ethics to deal with conflicts of interest, irregular or fraudulent payments, competition barriers and insider trading (see section 2.3).

Wendel's compliance program

Wendel's compliance program comprises Wendel's Code of Ethics, adopted by the Executive Board in 2015, and specific policies dealing with essential topics in the code. This code contains the values of the Company's employees and supplies the frame of reference for Wendel's role as a long-term investor. It applies to all employees and executives of the Company, its holding companies and all of its offices. Wendel requests that the companies in which it invests adopt similar standards.

Wendel ensures that its activities comply with all laws and regulations regarding anti-money laundering, economic-sanction programs and related tax obligations, preventing corruption and competition law. In January 2016, the majority of employees at Wendel's various locations participated in a special compliance training session. This training session was organized by the General Secretariat at the request of the Executive Board. In addition, more targeted training programs (e-learning) on the policies described above are offered to Wendel's employees.

Wendel takes steps to provide a respectful work environment for all of its employees, by promoting diversity, equal opportunity and the privacy of personal data. In return, Wendel employees must use the Company's operational resources in an appropriate manner that is consistent with their work purpose.

Wendel strives to communicate information that is accurate, precise and fairly presented to investors, shareholders and analysts; it also upholds the principle of equality of information. Wendel is in compliance with the new rules of the European regulation on market abuses.

Finally, Wendel demonstrates its corporate citizenship through its respect for the environment and its commitments to the community (see sections 3.1.3 and 3.1.4).

Wendel's Code of Ethics can be viewed under the heading "Commitments" on its website: www.wendelgroup.com.

In February 2016, Wendel prepared its anti-corruption policy. Wendel is in the process of implementing the measures required by the Sapin 2 law regarding transparency, anti-corruption and modernization of the economy. The anti-corruption provisions will be applicable as of June 1, 2017.

In February 2017, Wendel prepared its policy concerning international sanctions.

These policies apply to members of the Executive Board, employees and any temporary workers, in France as well as abroad.

These policies are intended to heighten the awareness of Wendel's employees and help them to manage and identify legal, financial and reputational risks. As a professional investor, Wendel strives to ensure that the portfolio companies implement compliance policies adapted to their business and their risks.

These policies have been distributed to all employees of Wendel SE, its holding companies, and its international offices.

Wendel employees must periodically sign all documents related to compliance within the Company.

3.1.2 Implementing a CSR strategy adapted to a small team of investment professionals

Wendel's human resources policy

Small, experienced and diversified workforce

Wendel is committed to hiring excellent talent, creating the best possible working environment for its employees and developing their skills.

As of December 31, 2016, Wendel and its holding companies employed a total of 98 people.

Wendel has foreign offices that support the Group's companies in their international expansion. The companies in the Netherlands (since 1908) and Luxembourg (since 1931) also act as holding companies.

Other offices established more recently are in Japan (2007), Morocco, Singapore and the United States (2013) and the United Kingdom (2015).

The number of employees outside France has more than quadrupled (from 10 to 46 persons) in the four years between December 31, 2012 and December 31, 2016, through local recruitment and the transfer of 10 employees from France.

Wendel's teams in France

Wendel has 52 employees in France. In addition to the investment team and the senior management team, about 10 experts specializing in finance, law, taxation and communication work on investment transactions on a day-to-day basis.

The remaining staff in the Finance, Legal, General Secretariat, Tax, Communication and Sustainable Development, and Operational Resources departments support Wendel's offices in France and abroad.

Employees with a permanent employment contract* in France: staff numbers and changes	12/31/2016			12/31/2015			12/31/2014		
	Non-management	Management	Total	Non-management	Management	Total	Non-management	Management	Total
Total workforce	9	46	55	9	55	64	13	52	65
of whom Women	*5*	*24*	*29*	*5*	*27*	*32*	*8*	*24*	*32*
Men	*4*	*22*	*26*	*4*	*28*	*32*	*5*	*28*	*33*
New hires	-	3	3	-	2	2	-	4	4
of whom Women	-	*1*	*1*	-	*1*	*1*	-	*4*	*4*
Men	-	*2*	*2*	-	*1*	*1*	-	-	-
Departures	-	12	12	-	3	3	-	1	1
of whom Women	-	*4*	*4*	-	*1*	*1*	-	-	-
Men	-	*8*	*8*	-	*2*	*2*	-	*1*	*1*

* *Employees in France with permanent contracts, including three management-level expatriates.*

In 2016, Wendel employed two people on fixed-term contracts for four months, and two temporary employees to manage a temporary increase in business and replace an absent staff member.

Wendel has one disabled employee and has supply contracts with work centers that employ disabled persons. The mandatory contribution paid to AGEFIPH, an organization that promotes the employment of people with disabilities, was €7.2 thousand in 2016.

Wendel's teams abroad

The holding companies and offices outside of France are located in seven countries and have 46 employees, more than two-thirds of whom are in the investment teams. The rest of the teams work primarily in financial and legal activities at the holding companies in Luxembourg and the Netherlands.

Employees with an employment contract abroad*: staff numbers and changes	12/31/2016	12/31/2015	12/31/2014
Total workforce	46	29	21
of whom Women	19	12	8
Men	27	17	13
New hires	20	11	4
of whom Women	9	6	1
Men	11	5	3
Departures	3	3	3
of whom Women	2	2	1
Men	1	1	2

* *Employees with an employment contract abroad, including three management-level expatriates already included in employees in France (employment contract in France suspended).*

Organization of working time

Because of its history, Wendel organizes working time in compliance with collective agreements applying to the metalworking industry.

No employee has requested to work part-time. However, one employee has taken part-time childcare leave.

Absences, excluding leave for family events, increased slightly to around 2.5%. In 2016, there was one work-related accident (during work/home commute) without lost time.

Training and professional development

Developing the employability of its staff is one of Wendel's priorities.

Consequently, Wendel offers its employees customized training to ensure that they always have the skill level required to perform their jobs.

In France, 29 employees completed at least one training course in 2016, for a total of 530 hours of training. The courses mainly addressed foreign languages, specific business functions or, to a lesser extent, office software and safety.

Labor relations and working conditions

Working conditions and relationships are improved by offering support to managers, holding regular meetings with the staff and maintaining close dialogue with staff representatives on the Works Council (CE) and the Health, Safety and Working Conditions Committee (CHSCT). 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 to obtain and finance daycare services for the children of employees who request them. In 2016, Wendel financed daycare for eight children, for the benefit of six employees.

Finally, in addition to the share of the Works Council budget allocated to social and cultural activities, Wendel covers the cost of a range of services, including meals in the intercompany cafeteria, exercise classes and payment vouchers for home services.

Diversity and equal treatment

Wendel takes steps to ensure that decisions regarding recruitment, career development (training and job promotions) and compensation are made without discrimination. Job applicants are assessed only with regard to their skills and experience. Variable compensation for employees is based on their performance during their presence at the Company.

In equivalent positions, there is no difference in pay for men and women.

In compliance with its legal obligations in France, Wendel developed an action plan to ensure that men and women are always treated equally in the workplace.

Promoting and applying the ILO's fundamental conventions

Wendel manages its human resources in accordance with the International Labor Organization's (ILO) core conventions. France has ratified the eight fundamental ILO conventions on forced labor, on the freedom of association and protection of the right to organize, on the right to organize and collective bargaining, on equal remuneration, on the abolition of forced labor, on discrimination, on the minimum age for admission to employment and on all forms of child labor.

Wendel protects the freedom of association and the right to collective bargaining.

Wendel does not operate in countries with a high risk of violation of workers' rights, and therefore has not encountered any issues with applying these conventions.

Compensation policy in line with Wendel's interests

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 share ownership.

Each year, Wendel carefully reviews the compensation paid to its employees, taking into account their responsibilities, skills, experience and market pay levels. Variable pay is awarded based on individual and collective performance.

For France, total compensation (base salary, variable pay and individual, job-related bonuses) paid in respect of 2016 was approximately €11.2 million. This amount was a 7.2% decrease compared with 2015, due in particular to the international relocation of five employees.

Wendel has also had a collective performance bonus in place since 2006. The performance criteria established in 2015 were met in 2016. A performance bonus will therefore be paid for 2016. Lastly, Wendel offers comprehensive health, life and income protection insurances to its employees and their families, financed largely by the Company.

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 or stock options, which most employees have received since 2007.

Grant of stock options and performance shares

In addition to the two Executive Board members, 82 employees in France and abroad received stock options and performance shares by virtue of the authorization granted at the Shareholders' Meeting of June 1, 2016 and the Executive Board's decision on July 7, 2016.

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, 2016:

- the total number of options granted to the ten employees, excluding corporate officers, who individually were granted the largest numbers of options;
- the total number of options exercised by the ten employees, excluding corporate officers, who individually exercised the largest numbers of options.

	Number of options	Weighted average exercise price
Options granted during the year to the ten Group employees who were granted the largest number of options	51,600	€94.38
Options exercised during the year by the ten employees who exercised the most options	102,291	€67.18(1)

(1) *In 2016, these options were exercised at €90.14 (WI 3-3 plan), €67.50 (W1-2 plan), €22.58 (W2-1 plan), €44.32 (W3 plan), €80.91 (W4 plan), €54.93 (W5 plan) and €82.90 (W6 plan).*

The total number of performance shares awarded during the year to the ten employees in the Group, excluding corporate officers, who received the largest number of such shares was 41,550.

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. Shares are offered at a 20% discount and employee payments can be matched up to legal limits.

As of December 31, 2016, former and current employees (excluding corporate officers) held 0.67% of the capital of Wendel *via* the Group savings plan.

In July 2016, the Executive Board decided to carry out a capital increase. Ninety-five percent of eligible employees subscribed and were allocated a total of 18,486 shares.

Offering additional pension benefits

"Perco" pension plan

In 2010, Wendel introduced a Company pension plan ("Perco") for its employees in France. It matches certain contributions up to the legal limit.

As of December 31, 2016, more than 36% of employees had invested in the pension plan.

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 seniority up to a maximum of 65% of the salary. The pension plan provides for a payout of 60% to a surviving spouse as of 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 transfers the assets necessary to service pension benefits to an insurance company, which makes payments to the beneficiaries.

As of December 31, 2016, there were 40 retirees and eight employees of the Company who benefited from the plan.

3.1.3 A limited environmental footprint

Wendel's activities have little impact on the environment. Nevertheless, Wendel strives to do its share to limit any negative impact. For example, environmental criteria are incorporated into the management of its IT services and the building where Wendel's headquarters are located. In 2012, Wendel performed an inventory of its greenhouse gas emissions, in accordance with the decree implementing Article 75 of the Grenelle II Act, to optimize its efforts to reduce its energy consumption and waste production.

Energy savings

In the past five years, Wendel has made several investments to reduce its energy consumption:

- replacing all of its IT servers with more energy-efficient models;
- renovating its district heating system (distributing high-pressure steam), making the Company more environment-friendly;
- creating two video conference rooms and providing mobile work tools to reduce travel;
- gradually replacing traditional light bulbs with energy-saving bulbs to increase the energy efficiency of its head office.

Wendel also promotes the electronic distribution of its publications.

Waste sorting

Wendel has had a waste sorting policy since July 2011. A special training course has raised awareness among all head office employees. All paper consumed by Wendel employees is now collected for recycling. Plastics, ink cartridges, cartons and metal packaging are also included in the recycling program. In 2016, Wendel continued to pursue its waste serting policy at the Company restaurant located on Wendel's premises and operated by an external service provider.

3.1.4 Commitment to the wider community

Wendel's commitment to the community is reflected in its support of projects in the higher education and cultural spheres

- 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. Beginning in 2017, and for the second consecutive year, Insead was ranked #1 "Global MBA program" by the Financial Times. Insead is the first school with a one-year MBA program to take the top spot in the history of the Financial Times rankings.
- Wendel's management visits France's elite graduate schools on a regular basis to explain the Company's businesses. Its presentations, designed to educate students about Wendel's long-term investing model, help to recruit top talents as well. Wendel also contributes to the publications of these *grandes écoles*: ENA, HEC, Sciences Po, and Polytechnique.
- In addition, 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. In particular, Frédéric Lemoine represents the Group on the Boards of Directors of Insead and the Centre Pompidou-Metz.

Owing to its long-standing commitment to the arts, the French Minister of Culture awarded Wendel the title of Grand Mécène de la Culture ("Grand patron of the arts") on March 23, 2012.

In addition, in March 2016, Wendel supported a team of 12 employees who took part in the Paris Half-Marathon.

Wendel is also committed to humanitarian aid with AMREF Flying Doctors

In 2016, Wendel joined Africa Angels, a circle of major donors to AMREF Flying Doctors France. Helping 12 million people each year, AMREF Flying Doctors is today's leading public healthcare NGO in Africa. Its primary role is to train healthcare professionals and implement innovative programs for providing isolated communities with healthcare. Wendel is proud to support this organization, which runs over 150 programs in around 30 African countries, covering the remotest environments, and prioritizing women and children so as to promote sustainable change in healthcare.

In the course of its business, Wendel also 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. Its nine members met three times in 2016. The committee's role is to obtain feedback from individual shareholders on the media used specifically to communicate with them: letters to shareholders, the website and the management report. One new member joined the committee in 2016.

Wendel participated in the Actionaria trade show in 2016.

- Wendel keeps the financial community (analysts, institutional investors and individual shareholders) regularly informed of its earnings, business activities and strategy. In 2016, Wendel met with more than 230 stock and bond investors during its road shows (in France, United Kingdom, Germany, Switzerland, Italy, Finland, Denmark, United States, Canada, Japan and Singapore) and meetings at its head office;
- 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, Medef, AFIC, Paris Europlace, ANSA (*Association Nationale des Sociétés par Actions*), etc.

In 2016, the individual shareholder space on the Company's website was totally redesigned to make it even easier to access information: letter to shareholders, press releases, registration document, calendar, etc. In addition, Wendel continues to enhance communication with its various audiences by increasing the distribution of information through social media (Twitter and YouTube).

3.2 Wendel's subsidiaries reviewed by an independent verifier

Wendel is the majority shareholder in Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Mecatherm, and CSP Technologies. The financial statements of these companies are fully consolidated in Wendel's consolidated financial statements. Accordingly, they have been reviewed by an independent third-party verifier, as required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*). Wendel reports the main points of their sustainable development policies in the sections that follow.

A detailed presentation of the Group's subsidiaries can be found in section 1.7 "Group companies". Wendel Group companies translate their sustainable development policies into action plans that take into account the Company's specific characteristics and maturity in the field.

Bureau Veritas

For Bureau Veritas, Wendel's largest investment, listed on Euronext Paris and included in the Next 20 index (Compartment A, code ISIN FR FR0006174348, stock symbol: BVI), Wendel publishes a summary of information on its social and environmental responsibility. Since Bureau Veritas is also obligated to verify and publish these data, all of the required information is available in its own registration document for 2016.

Bureau Veritas is a world leader in inspection, certification and laboratory testing, and has more than 69,000 employees around the world. Bureau Veritas helps its clients improve their performance by offering innovative services and solutions to ensure that their assets, products, infrastructure and processes meet the standards and regulations related to quality, health, safety, environmental protection and social responsibility.

Social responsibility is a core priority for Bureau Veritas and it fulfills its social and environmental commitments in two complementary ways:

- through the very nature of its work, Bureau Veritas helps its clients to implement their CSR processes. By providing its services to a large number of businesses, organizations, and public authorities on a daily basis, Bureau Veritas contributes to preventing risks, improving quality, and protecting the environment, and in this way, indirectly acts for the benefit of the whole community;
- through its CSR policy, Bureau Veritas is also firmly committed to fulfilling its societal responsibility and develops many initiatives in this regard. Its policy centers around the main issues identified when Bureau Veritas defined a materiality table listing the CSR information that is most important to the group and its stakeholders.

The principal aspects of Bureau Veritas' CSR policy as reflected in the materiality table are governance and operational excellence – human resources and HSE (health, safety and environment) – and social responsibility through programs deployed in its global network. In 2016, Bureau Veritas continued its efforts with regard to workplace safety, operational excellence and relationships with its large customers, and stepped up the development of new initiatives related to innovation and digital transformation, inclusion issues and developing a performance culture.

Bureau Veritas publishes a full CSR report in the registration document available on its website.

Constantia Flexibles

Founded by Herbert Turnauer in the 1960s, the Vienna-based Constantia Flexibles Group produces flexible packaging solutions, primarily for the agri-food and pharmaceutical industries. With more than 10,000 employees, Constantia Flexibles has successfully developed its activity outside Europe and, over the last five years, has become a global leader in flexible packaging.

Due to the nature of its business, one of Constantia Flexibles' principal CSR commitments is respect for the environment, which is integrated into its business activities.

Constantia Flexibles pays particular attention to its raw materials consumption – essentially aluminum, polymers, paper, varnish and ink – and it is a major concern for the group.

Accordingly, Constantia Flexibles uses appropriate procedures to monitor the possible impact of its products on the environment, as well as their durability (in particular by performing life cycle analyses). In addition, most waste at Constantia Flexibles is recycled or sent to thermal recovery facilities.

Aside from the environmental element, Constantia Flexibles' CSR policy also focuses on social and societal issues through sponsorship activities and social initiatives.

Cromology

Cromology is a world player in the decorative paint sector and ranks fourth in the European market. It designs, produces, distributes and sells innovative and high-quality paints in more than 50 countries around the world, with a direct presence in nine of them. With nearly 4,000 employees, 9 research laboratories, 13 production facilities, eight logistics platforms, nearly 400 integrated stores and more than 8,500 partner points of sale (independent distributors and big-box DIY stores), Cromology generates more than €700 million in annual revenues.

Cromology's mission is to protect and embellish living environments with products that highlight the know-how of our professional and private clients, thereby contributing in a sustainable manner to the well-being of all.

Cromology aims to combine, over the long run, economic performance with excellence through it's "CORE, Commitment to a Responsible Enterprise" plan which, since 2010, has focused on seven objectives:

- Supporting customers in their sustainable development efforts;
- Innovating and proposing products and services that are more respectful of their users and the environment;
- 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 the group's presence in the local community.

Since 2015, Cromology's CSR steering committee has defined and managed the Company's CSR strategy and, in 2016, the committee defined the CSR performance indicators shared by all Group subsidiaries.

Stahl

Stahl is the world leader in high-performance coatings and leather-finishing products. Its registered office is in the Netherlands and it employs more than 1,800 people. As a manufacturer of chemical products, Stahl considers its major environmental and social responsibility challenges to be the health and safety of its employees and product innovation to minimize the environmental footprint of its products. Stahl has launched a continuous improvement process in the area of its employees' health and safety. In every country, employees are required to attend certain training programs to raise their awareness of these issues. New employees in production facilities or laboratories undergo specific induction training. Refresher programs are regularly offered to all staff.

Through its continuous improvement efforts, Stahl also ensures that the impact of its industrial sites and their activities on surrounding ecosystems is limited, since all of its sites are ISO 9001- and/or ISO 14001-certified. Thanks to its innovative research, Stahl was one of the first companies in its sector to market water-based products. These products now represent the majority of Stahl's production (more than 80%).

Stahl is a model for workplace safety, with an especially low accident frequency rate of less than 0,15[1] for the fourth consecutive year (0.08 in 2016).

CSP Technologies

CSP Technologies ("CSP") designs and manufactures custom, patented packaging solutions for moisture- and/or oxygen-sensitive products in the pharmaceutical industry and has a growing presence providing packaging solutions for the food and consumer end-markets.

In 2016, CSP Technologies wrote its first CSR report and documented its four fundamental values:

- Delivery;
- Innovation;
- Social;
- Quality and efficiency.

CSP Technologies currently uses operational action plans related to raw materials and energy efficiency.

(1) Frequency rate is calculated as follows: (number of reported accidents with lost days higher than one day x 100,000)/(number of worked hours).

Mecatherm

Mecatherm is one of the world leaders in automatic lines and equipment for industrial bakeries. Using its unique R&D and product innovation know-how, Mecatherm designs production lines and assembles them at its sites. Since it is not involved in production, its own activities have little impact on the environment.

Mecatherm strives, in collaboration with its customers, to make its automatic lines run as smoothly as possible. It aims to make them easier for its operators to use and safer for the maintenance and cleaning crews. Industrial processes have been implemented that continuously improve the energy efficiency of the lines and reduce raw material losses. Particular attention is paid to food safety and product traceability.

Concerning employees, in 2016, as part of its Well-being, Efficiency and Performance (BEEP) plan, Mecatherm validated and tested a new process for integrating new hires and for developing skills to create loyalty among the Company's employees.

3.2.1 Constantia Flexibles

Introduction

With more than 3,000 customers and roughly 10,000 employees, Constantia Flexibles is a leading provider in the field of flexible packaging. Production takes place in 24 countries at 56 locations. In the future, Constantia Flexibles will offer more support for its customers' international growth and develop its activities in order to evolve from a leading European provider into a company with international stature in the flexible packaging sector. One of the company's special strengths lies in the area of in-house aluminum foil packaging, which has considerable added value.

Due to consistent integration of corporate acquisitions in recent years, Constantia Flexibles has also been able to establish itself globally as a leading packaging manufacturer in the plastics sector. Its large global customers confirm that the plastics sector will be one of the main growth drivers in the coming years, especially in emerging markets. Constantia Flexibles thus covers all bases with a complete range of flexible packaging solutions.

The business model of Constantia Flexibles combines stability and growth. With flexible packaging solutions for the food, pharmaceutical and beverage industries, the company closely aligns itself with the daily needs of consumers, and is therefore independent of economic cycles. Constantia Flexibles offers its customers a comprehensive portfolio of high quality, innovative and flexible packaging made of aluminum, paper, and plastic. These solutions are designed by the Food, Pharma and Labels divisions.

The Food Division of Constantia Flexibles is a global market leader in a number of product lines, such as confectionery packaging, die-cut lids, and aluminum packaging systems. The Pharma Division is in second position globally in the area of blister-lid foils and cold-form foils. The Labels Division is the global market leader for beer labels and in-mold labels. Constantia Flexibles has thus evolved from a European provider to a globally active Group, whose key businesses are growing, like those of its principal customers.

The core values of Constantia Flexibles are:

- ***customers*** *– focus on innovation and quality to make its customers more successful;*
- ***society and environment*** *– balance economic success with environmental and social responsibility;*
- ***growth*** *– expand in new markets and applications with its customers and create value for all stakeholders;*
- ***employees*** *– maintain an international team based on a corporate culture of trust, excellence and performance.*

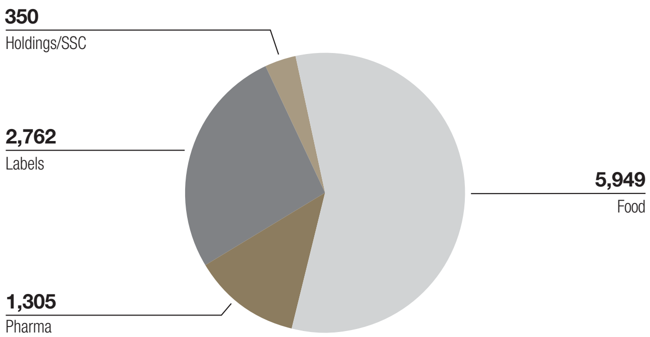
Social

Employment

Employees and employee structure

The number of employees (HC) at the end of fiscal year 2016 was 10,336 with the majority (57%) of employees working in Constantia Flexibles Food division. This equates to an increase of 2,361 employees (HC) compared to 2015, which derived primarily from the acquisitions of Afripack (1,247), Pemara (339) and Oi Hung (250).

Employees per division

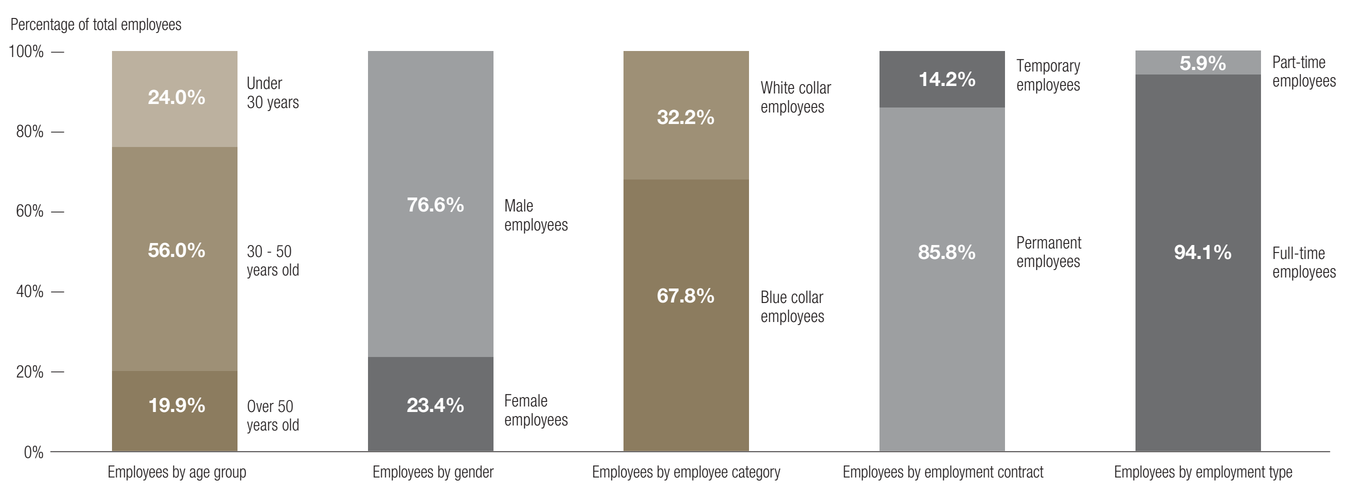


Health/Holding/SCP/Labels/Food

56% of Constantia Flexibles' employees are 30-50 years old. Its workforce is 23.4% female and 76.6% male.

Almost three-quarters of Constantia Flexibles' employees are blue collar employees. 94% of the employees of Constantia Flexibles are full-time employees and 86% have permanent employment contracts.

Employee structure



Breakdown of employees by age group, gender, employee category, employment contract and employment type

Organization of working time

The production plants vary in their individual number of work shifts (up to three per day). Flexible work time arrangements are common in different seasons to meet customer needs. Shift patterns are coordinated with workers' representatives and adhere to local legal frameworks. The share of part-time and full-time employees in the workforce is represented in the figure above.

Equality

Alongside the development of staff, equal opportunities form an important component of the HR strategy. Constantia Flexibles 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. 2.53% of Constantia Flexibles' workforce at plants are employees with disabilities.

Human rights

Constantia Flexibles respects and promotes compliance with human rights. Constantia Flexibles complies with the rules established by the United Nations on human and children's rights. In particular, Constantia Flexibles undertakes to honor the Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor Convention 182 and the Convention Concerning Minimum Age for Admission to Employment (ILO Convention 138).

Constantia Flexibles recognizes and respects its employees' right to freedom of assembly, as well as their right to elect their representatives freely and independently within the scope of the applicable statutes and laws and guarantees that these representatives will not be subjected to discrimination of any kind. Constantia Flexibles also respects the employees' right to collective bargaining.

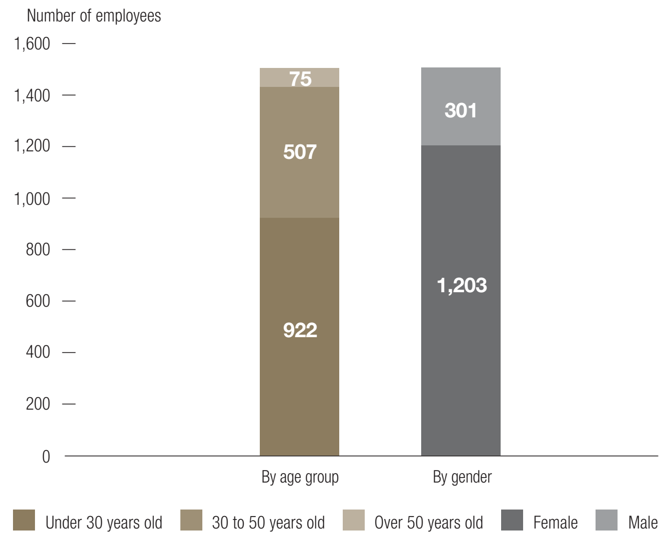
Constantia Flexibles commits to offering employment that is free of any form of violence, harassment and bullying. Constantia Flexibles aims to create, together with its employees, a climate of open communication in which employees can work in an atmosphere that is marked by mutual respect. Such open communication within Constantia Flexibles is expected to strengthen the acceptance of different cultures and mentalities. Constantia Flexibles undertakes to promote such a fair and partnership-oriented atmosphere in the workplace.

To ensure compliance Constantia Flexibles has established a code of conduct which is available to all employees of Constantia Flexibles at all sites. Additionally, online training courses are provided ensuring awareness among all employees.

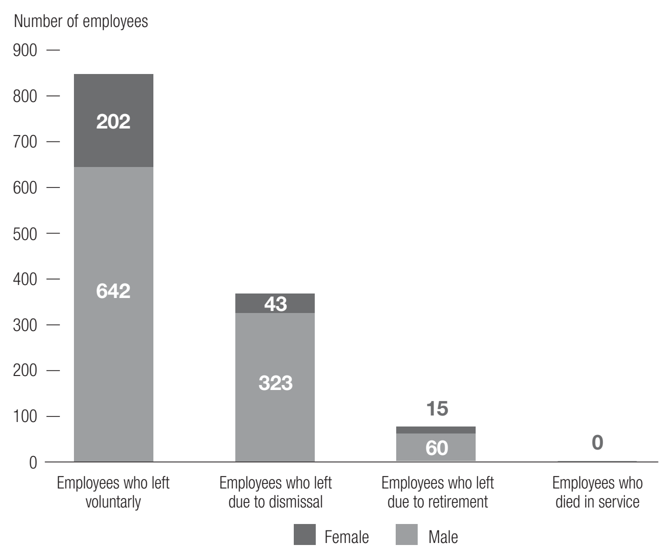
Employee hiring and employee turnover

The diagram below shows the employee turnover and new employee hires by age group and gender. At the same time, the new employee hire rate of 14.5% underlines the continuous growth of Constantia Flexibles.

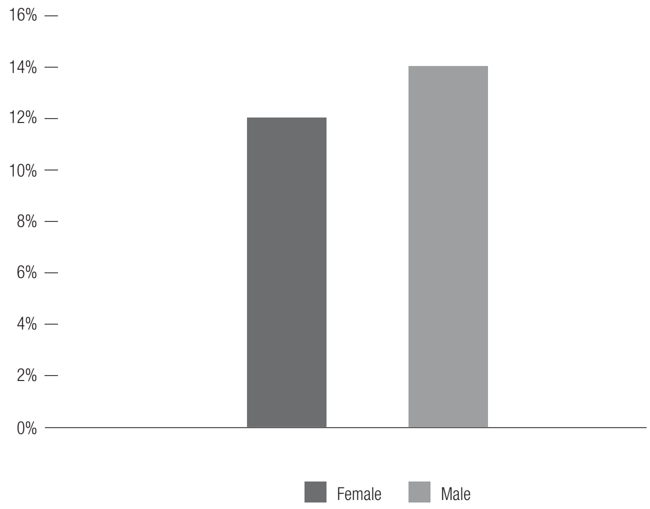
New employee hires by age group and gender



Departures



Turnover by gender



Constantia Flexibles has a new employee hire rate of 14.5% and a turnover rate of 13.6%

Absenteeism

Constantia Flexibles has local procedures at every site measuring absenteeism. Constantia Flexibles is actively working on re-integrating long-term absentees together with workers' representatives, as well as establishing preventative measures to reduce absenteeism.

Compensation

In the majority of sites, Constantia Flexibles is bound to legally-binding collective bargaining agreements set by unions. Over the past several years, Constantia Flexibles has promoted a culture of rewarding strong employee performance. For Constantia Flexibles' senior management as well as Headquarter employees, the management of compensation is supported by the state-of-the-art "SuccessFactors" solution, a web-based human resources IT system. A step-wise further roll-out of this system for other categories of employees (*e.g.* for sales force) is planned.

Incentive schemes for the Constantia Flexibles sales force has been rolled out to almost all employees, focusing on the specifics of each division and market. In 2017 it is planned to further increase the individual, qualitative target portion to one-third of the target bonuses to emphasize the entrepreneurial culture of Constantia Flexibles. To emphasize the long-term thinking of Constantia Flexibles, an equity-based, long-term incentive plan has been introduced for selected members of the senior management of Constantia Flexibles. Salaries are reviewed on a regular basis.

Constantia Flexibles strives to be an attractive employer by offering generous monetary and non-monetary social benefits such as canteen and public transportation subsidies, and health and safety related benefits, such as regular company doctor visits and vaccinations. Constantia Flexibles plans to further develop and specify its Management Grading system, with the goal of being in a better position to evaluate the internal fairness of compensation packages with respect to external competitiveness and attractiveness, thereby ensuring that Constantia Flexibles remains an employer of choice.

Plants also report the employee benefits they provide, such as maternity and paternity leave, in accordance with national law and in the context of their Sedex (Supplier of Ethical Data Exchange) membership. Sedex, which represents a major ethical standard for Constantia Flexibles, is a non-profit organization and platform for members who are permanently engaged in improving the criteria for ethical sourcing and procurement along the value chain. Currently 47 plants are registered Sedex members. Leveraging their membership, Constantia Flexibles' plants monitor and assess wages paid against local minimum wages in their respective countries. Almost all Sedex-registered plants have undergone external audits.

Training

As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success. Production employees receive regular health and safety training, as well as technical training.

Over the last five years, investment in people development programs, with a strong focus on senior and middle management development, has been gradually increased.

On the basis of a tailored Constantia Flexibles competency model for senior and middle management as well as professionals, Constantia offers a full array of development activities.

Every year Constantia Flexibles refreshes its portfolio of training programs to support employees in their career development, focusing on communication, efficiency at work and leadership skills. Employees' annual development interviews and succession planning rounds out the portfolio of learning and development activities at the senior management level.

For the levels below management, Constantia Flexibles has been able to firmly establish the Constantia Training Toolbox – first introduced in 2014 – as a standard global training catalog. This provides competency-based training initiatives for Constantia Flexibles' experts and middle managers around the world.

The planned roll-out of "Constantia University", a learning platform accessible to all Constantia Flexibles employees, will further boost the Learning & Development offering for the employees of Constantia Flexibles. Constantia University will also integrate new learning pathways, utilizing online training opportunities, video-based learning material as well as virtual training. The platform is also serving as a launchpad for two major initiatives that started in 2016 and are to be implemented during 2017: the Constantia Flexibles Leadership Academy and the Constantia Flexibles Sales Academy. Over the coming three years, over 300 senior managers, middle managers and sales staff, including Customer Service, Marketing and Product Management, will be trained on the Constantia Leadership and Sales approach. With special initiatives for future talents – the "Learning Journeys" – Constantia Flexibles offers a broad portfolio of programs that will help prepare employees for the targeted profitable growth set by Constantia Flexibles.

Health and safety

In line with its ethical goal of achieving zero accidents, Constantia Flexibles has continued to accelerate the focus on aspects of Health & Safety, as follows:

- in October 2015 a Group Function for HSSE (Health, Safety, Security & Environment) was created, for which alignments relating to functional reporting lines of the divisions and plants were realized for raising efficiency while ensuring cross-divisional information exchange;
- the new Group HSSE Policy, formulated and signed off in 2016, introduces our vision of "Zero Loss – No Harm" to all our assets: people, finance, our reputation and the environment.

Constantia Flexibles understands that creating and maintaining safe and sustainable workplaces is a prerequisite for successfully improving our safety performance and protecting our assets. For example, a Group guideline in terms of technical safety was defined at the corporate level through close collaboration with experts in production technology. The application of these requirements, dealing with additional equipment for fire protection in one of our core production processes, namely printing, was screened by the manufacturing sites and measures were identified that correspond to the technology and status of the machinery in place.

Group HSSE has finalized the analysis of all Lost Time Injuries that occurred in the Group in 2015 and extended the evaluation on a quarterly basis during 2016. Based on the results, lessons learned about these major harmful events are shared by translating the related causes and main issues into specific safety initiatives. All plants can contribute their expertise and experience to the group-wide safety initiatives, which are arranged by the Group HSSE department and then disseminated throughout the organization. The status of implementation is then randomly checked by Group HSSE or divisional management as required to ensure the effectiveness of such actions.

The health and safety figures submitted monthly by most of Constantia Flexibles manufacturing sites in 2016 – as recent acquisitions were under integration in this reporting – are subsequently summarized, verified and checked at the Group level. This report represents the safety performance of each production plant per business division. The monthly report is shared at all organizational levels and as a result is used in monthly meetings at the executive level and divisional calls once a month. According to the requirements of management, certain additional information and graphs have been added to gain a better overview, which can then be used as a basis for their safety-related talks with their direct reports.

- Number of Lost Time Injuries (LTI) per division and month occurred within the last 12 months (graph).
- Lost Time Injury Frequency Rate (LTIFR) per division as well as LTIFR trend chart as per month representing 12 months (graph).
- Graph indicating the number of Lost Time Injuries occurred (YTD) per division compared to the respective Headcount.

An initiative on reporting requirements was started with other Group functions (*i.e.* Quality management, Operational Excellence) during 2016, which identified options for raising the efficiency and effectiveness of combined reporting tools while reducing reporting efforts. During 2017 additional steps will be taken for defining the respective company-wide needs.

Due to the measures taken and the awareness raised regarding Health & Safety, Constantia Flexibles recognized improvements in 2016. However, the company is aware of the need for further enhancements to achieve its goal and to compete with industry averages and benchmarks.

Table 1: LTIFR disclosure

Occupational Health & Safety Data	2015	2016
Lost Time Injury Frequency Rate (LTIFR)	13.7	10.5

2017 Outlook for Health & Safety

The Executive Board of Constantia Flexibles has highlighted the aspects of Health & Safety as important factors contributing to Group strategy, called Focus21. Moreover, the CEO of Constantia Flexibles has decided to bring the department into his team of direct reports as per January 1, 2017.

The gradual implementation of HSSE targets as part of the bonus system is to be rolled out in 2017. The company requires senior management at the group, divisional and plant levels to contribute with a significant part of their individual targets to Health & Safety achievements. Constantia Flexibles intends to use proactive goals and initiatives to be implemented by each member of the respective target group, because setting targets based on number of LTIs or LTIFR would only lead to "working on numbers" rather than "working on root causes".

Constantia Flexibles provides awareness training to employees and temporary workers (leased personnel at shopfloor) that is the most applicable to their role. Its goal with such training is to raise the awareness and understanding of hazards attached to their work in our production.

Moreover, leadership skills for Safety will be considered as an integral part of the "Executive Leadership Program" starting in mid-2017, at which more than 100 senior leaders will be trained.

Further investment into fire protection and technical safety approved by the Management Board will improve risk levels and contribute to the "Zero Loss – No Harm" goal, while achieving a safe and sustainable work environment.

Environment

Constantia Flexibles considers environmental responsibility to be an integral part of its entrepreneurial activities. Its commitment is based on:

- awareness of possible environmental risks and how to minimize them by selecting certain product technologies;
- use of more environment-friendly (raw) materials in the product portfolio;
- use of every existing opportunity for a reduction in 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 waste; and
- maximum utilization of resource friendly and environmentally friendly technologies alongside the ongoing optimization of material use.

Continual improvements in the consumption of raw materials, which consist primarily of aluminum, polymers, paper, varnishes and inks, constitute a major concern for the company. In times of a steady long-term increase in energy consumption and growing global water shortages, optimizing electricity, natural gas and water use is crucial to success – including economic success. Additionally, the potential environmental impact on the level of product sustainability is quantified through comprehensive investigations (for example by conducting life cycle assessments). In this context, an understanding of the sustainability performance of its raw materials and of its products supports Constantia Flexibles in new developments and in the achievement of its goals.

Constantia Flexibles employs professional software tools that constantly undergo further internal development in order to facilitate centralized compilation of the required data. Constantia Flexibles is extremely advanced in this respect. The company's technological solutions are state of the art, making it possible to provide the best possible service to both customers and the internal product and sales management teams.

Sustainability and environmental policy

Constantia Flexibles' sustainability policy focuses on its responsibility to the environment and to future generations. Sustainability is a growing science that balances current needs with those of future generations. Constantia Flexibles does not merely react to the demands of customers, who are beginning to take more and more environmental responsibility for their products. The company believes that future financial success is dependent on sustainable corporate practice. It has had its own sustainability department at the group level since 2010, which reflects its dedication to this topic. To further emphasize the importance of sustainability for the company within the new Focus21 strategy, this department will be reporting directly to the CEO from 2017 onwards. To deliver information on environmental protection to employees, the environmental policy of Constantia Flexibles has been posted on notice boards in every plant.

In addition to the implementation of a company-wide policy, Constantia Flexibles is acting and/or is certified in accordance with the following environmental or responsible sourcing standards:

- ISO 14001 (13 sites);
- ISO 50001 (9 sites);
- FSC-CoC (5 sites);
- SEDEX (47 sites).
- founding member of the Aluminium Stewardship Initiative (ASI).

Climate change

Energy consumption

Constantia Flexibles had total energy consumption of 749,857 MWh in 2016. The table below shows energy consumption by source. Natural gas and electricity are the main energy sources accounting for 42.20% and 48.74% of consumption, respectively.

Table 2: Total energy consumption by energy source (not including new acquisitions in 2016)

Energy source	[%]
Natural gas	42.20
LPG	2.32
Diesel	0.60
Heating oil	0.48
Petrol	0.23
Total electricity	48.74
Steam	4.77
Hot water	0.66

Constantia Flexibles works for a continuous improvement related to energy efficiency and a reduction of emissions. Some of the approaches are:

- solvent recovery;
- organic solvent-free technologies;
- heat recovery.

Moreover, several of Constantia Flexibles plants in Europe comply with the ISO 50001 standard and therefore place special emphasis on reducing energy consumption.

Constantia Flexibles is working on encouraging its plants to implement environment-focused initiatives. These programs increase the sustainable performance of the company and contribute to a more efficient use of resources.

In 2016 Constantia Flexibles conducted a total of 79 initiatives with an environmental focus. 46 initiatives intended to reduce energy consumption were implemented, of which 21 resulted in total savings of 9.51 GWh.

Table 3: Overview of number of initiatives and energy saved (not including new acquisitions in 2016)

	Number of initiatives	Number of sites with initiatives	Energy saved due to initiatives
Sustainability initiatives	33	16	9.51 GWh
Initiatives to reduce energy consumption and GHG emissions	46	17	
TOTAL INITIATIVES		**79**	

Greenhouse gas emissions

Among other tasks relating to corporate sustainability, Constantia Flexibles collects and monitors key data on its internal performance. Since 2005, the company has been measuring its direct and indirect emissions (Scope 1 and Scope 2). It also quantifies the indirect emissions (Scope 3) from upstream and downstream value chain activities (see chapters "Scope 3" and "Methodology"). It measures and reports the emissions according to the internationally recognized Greenhouse Gas Protocol and its Scopes 1, 2 & 3 calculation methodology is verified by an external consultant. The verification review statement indicates that Constantia Flexibles' methodology has a reasonable level of assurance following ISO 14064-3 and represents a high level of assurance according to the CDP reporting principles.

The development of a standardized step-by-step approach has allowed Constantia Flexibles to understand the effects of emissions along its entire value chain of raw materials. This enables the company to concentrate on actual rather than perceived opportunities for reduction.

Constantia Flexibles has set a company-wide goal of a 40% reduction in CO_2 emissions by 2023 (Scopes 1 and 2 emissions produced per square meter, with 2005 as the reference year). Therefore, in the last few years a company-wide integration of all sites for recording material Scope 3 emission stood at the forefront. In the course of a risk assessment, hot-spots were then identified and analyzed, and projects were initiated for the continuous improvement of sustainability performance across the value chain.

Scopes 1 & 2

Constantia Flexibles accounts for the corporate Scopes 1 & 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. In addition, its application accounts for different regional practices, offering, inter alia, the consistent usage of different units (MJ, kWh, BTU, etc.) for data collectors. Validity intervals for potential error checking prevent typos and the use of wrong units based on comparisons to the previous year's performance.

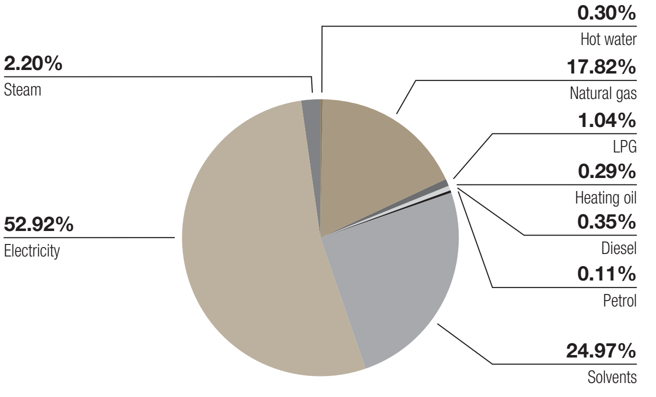
The table below shows the overall Scopes 1 and 2 – CO_2 emissions of Constantia Flexibles for 2015 and 2016 (363.99 kt). In absolute terms it can be observed that Scopes 1 & 2 emissions have increased. This is mainly caused by the new acquisition (12 plants in 2015) on the one hand and the high proportion of fossil fuels in the electricity mix of these sites on the other.

Table 4: CO_2 emissions breakdown by Scope for 2015 and 2016 (not including new acquisitions in 2016)

Unit	Scope 1			Scope 2		
	2015	2016	Variation [%]	2015	2016	Variation [%]
kt equiv. CO_2	160.99	162.29	0.81	177.16	201.70	13.85

The graph (opposite) indicates Constantia Flexibles' CO_2 emissions by source. It can be observed that more than half of the emissions are the result of 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, it took the step to switch to green electricity (produced 100% on hydro power) in several plants, covering 16% of the total electricity consumption. Most of the remaining emissions occur due to the solvent and natural gas consumption (24.97% and 17.82% respectively) 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 as well as by feeding solvent gas streams to RTOs (Regenerative Thermal Oxidizers) combined with thermal energy recovery. In addition we have implemented many initiatives aimed at reducing our plants' gas and electricity consumption (see section "Energy consumption").

Breakdown of Scopes 1 & 2 emissions by source (not including new acquisitions in 2016).



Analysis at constant scope

In order to make a comparison of the organic development between the years 2015 and 2016 for CO_2 emissions a "same system boundaries approach" has been chosen and results per output have been recalculated. Therefore the system boundaries were aligned for both years, excluding the new acquisitions and sold plants, to observe the inherent trend of Constantia Flexibles' emissions development.

This approach allows a better understanding of the theoretical trend of KPIs monitored. The results of this recalculation are as follows:

Table 5: CO_2 emissions breakdown by Scope for 2015 and 2016 with aligned system boundaries

Unit	Scope 1/output			Scope 2/output		
	2015	2016	Variation [%]	2015	2016	Variation [%]
t equiv. CO_2/million m^2	30.83	29.56	-4.12	33.32	32.61	-2.14

As a result of the organic development of CO_2 emissions, Scopes 1 & 2 emissions per output decreased. This was caused by an absolute decrease in natural gas consumption, resulting from increased energy efficiency, achieved by implementing new technologies and improving the usage of available capacities (*e.g.* in the regenerative thermal oxidizers). Scope 2 emissions (mainly deriving from the electricity consumption) also decreased due to efficiency measures.

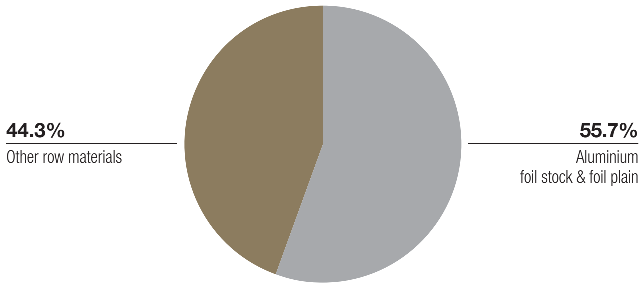
Scope 3

In addition to the assessment of direct and indirect emissions produced by the activities of the Constantia Flexibles Group, the indirect emissions caused by the processes upstream and downstream of the supply chain (Scope 3 emissions) have been evaluated as well, based on a five-year study conducted in our most contributing production site. Following a first analysis on selected Scope 3 emission sources, Constantia Flexibles set up a company-wide evaluation method for significant emissions sources. A re-assessment of previously unselected emission sources was carried out for 2016, and will be finished in 2017.

For Constantia Flexibles, total material Scope 3 emissions are a key factor in terms of achieving its corporate target. Risk assessments allow Constantia Flexibles to identify and analyze hot spots and initiate projects aimed at continuous improvement of its sustainability performance along the value chain. Knowledge of site-specific challenges on the corporate, product and raw material levels helps Constantia Flexibles to tackle similar problems throughout the company.

The graph (opposite) indicates Scope 3 emissions of raw material by source. Most of the emissions (55.7%) derive from the raw material aluminum foil (purchased as foil or foil stock further processed at Constantia Flexibles' rolling mill). Within the other raw materials, which account for 44.3% of the total Scope 3 emissions, the second biggest contributor (after the aluminum) are plastics followed by solvents and paper.

Breakdown of material Scope 3 emissions by raw material source (not including new acquisitions in 2016)



Adaptation to climate change and environmental protection

In 2016 Constantia Flexibles was once again recognized with a strong Carbon Disclosure Project (CDP) climate score rating for its highly transparent climate reporting and climate protection efforts. The company has achieved the "Management Level" in the climate score with regard to its contribution to climate change mitigation, adaptation and transparency. Compared with the industry sector specific average Constantia Flexibles is among the top 11.5% of all companies evaluated by CDP. This confirms and underlines the company's strategy to reduce emissions sustainably, while maintaining the highest standards of transparency when it comes to reporting.

Besides Constantia Flexibles' efforts to reduce greenhouse gases the company tries to minimize emissions and effluents that have adverse effects on humans or the environment. Plants operating in accordance with ISO 14001 (24.5%) conduct assessments of major risk areas where spills and leakage may contaminate air, water and/or soil. Following completion of this assessment, plants have management and external communication plans, compliance controls and a monitoring program in place to prevent and detect those spills and leakage.

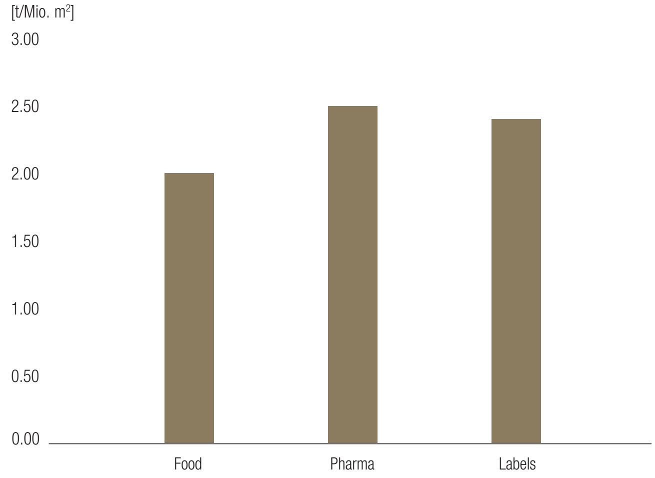
Furthermore Constantia Flexibles assesses the risk and materiality of the impact on biodiversity from land use and activities over which the company has direct management control or significant influence, where applicable. The last assessment was performed in 2015; hence the new acquisitions have not yet been assessed.

Pollution and waste management

Pollution (VOC)

Constantia Flexibles is aware of the environmental impact of VOC emissions, which originate in plants using solvents, during the printing process. In this context, the company has installed Regenerative Thermal Oxidizers (RTO) in several plants to recover heat energy, consequently reducing VOC emissions. More than 50% of the plants own technologies for the recovery of solvents and for the avoidance of solvent emissions. Constantia Flexibles also aims to decrease the overall solvent consumption in several plants by investing in new solvent-free printing technologies.

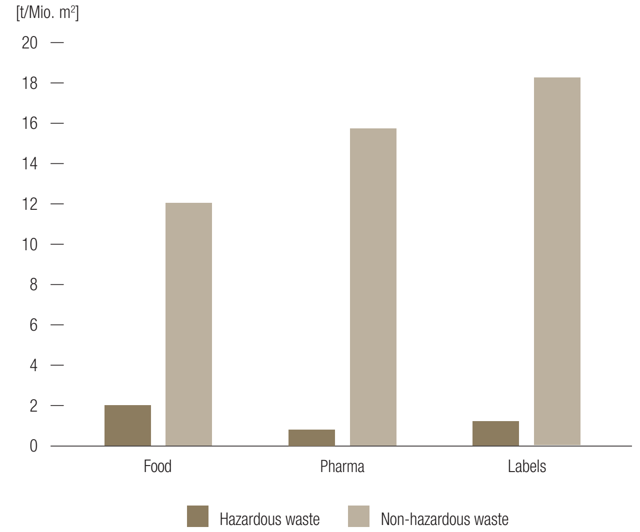
Breakdown of VOC emissions per product output and division (not including new acquisitions in 2016)



Waste management

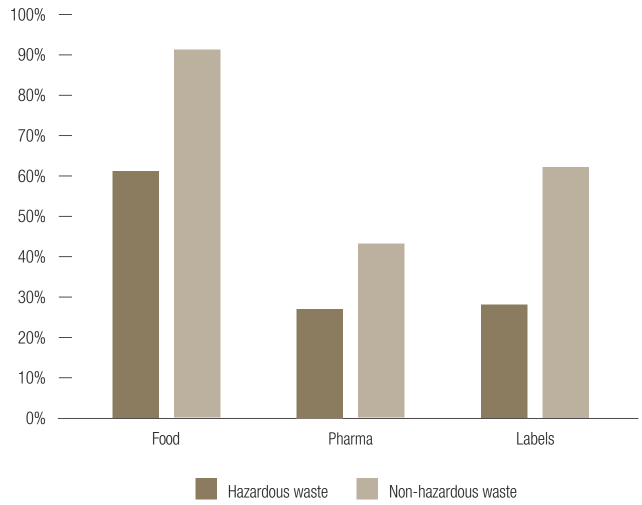
In accordance with waste management plans at the plant level, Constantia Flexibles continuously monitors the achievement of implemented waste targets. The amounts of waste depend on the different technologies and product mixes in the three divisions. The total amount of waste at Constantia Flexibles' sites was 92,173.4 t in 2016. The graph below shows Constantia Flexibles' waste accrual by division and category per output. It can be observed that the amount of non-hazardous waste per output is much higher than the amount of hazardous waste. In the Labels division a higher amount of waste occurred due to the technology used for the production of labels, which generates more matrix waste, while the Pharma and Food divisions produce more reel fed goods and less matrix waste.

Breakdown of product waste by waste type and division (not including new acquisitions in 2016).

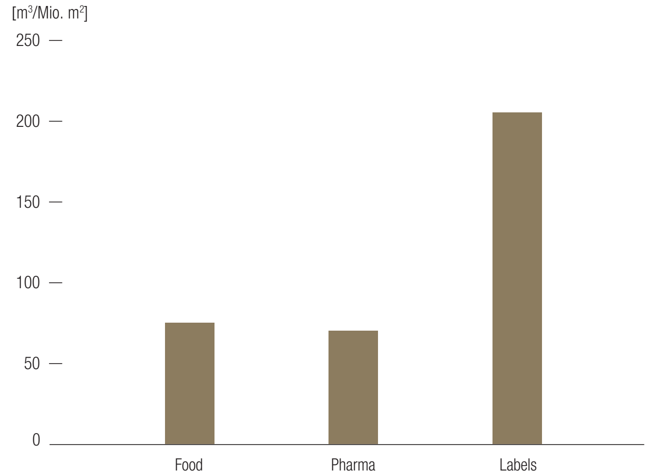


In 2016 Constantia Flexibles sent 53% of the hazardous waste and 77% of the non-hazardous waste to recovery channels (recycling, reuse, composting and incineration with energy recovery). The division with the highest percentages is the Food division with 61% of hazardous waste and 92% of non-hazardous waste sent to recovery channels.

Breakdown of waste sent to recovery channels (reused, recycled, composted and incinerated with energy recovery) by waste type and division (not including new acquisitions in 2016)



Breakdown of water input per product output and division (not including new acquisitions in 2016)



The total water consumption in 2016 was 620,856 m^3. The graph above indicates the water usage by division. Labels consumes much more water than the other divisions due to its more water-intensive production technology.

Sustainable use of resources

Water management

Due to its usage mainly for sanitary purposes and in small amounts as a solvent for adhesives and lacquers, tracking water consumption is not material for Constantia Flexibles. Nevertheless, it is aware of the importance of its impact on the environment and monitors and reports water consumption and uses closed water systems.

Responsible and ethical sourcing

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 initiatives such as the Aluminium Stewardship Initiative (ASI).

The Aluminium Stewardship Initiative was established to promote improvement in sustainability performance and transparency across the entire aluminum value chain. Introduced by several businesses, ASI is a non-profit initiative that aims to mobilize a broad base of value chain participants around implementing responsible business ethics and environmental and social performance practices and around establishing corresponding standards. In 2016, the first draft of the ASI Chain of Custody (CoC) Standard was developed to connect assurance about business practices under the ASI Performance Standard to claims about aluminum and responsible sourcing. By the end of 2017 or the beginning of 2018 (depending on the development of the CoC) Constantia Flexibles expects to see the first certification on ASI performance criteria.

The New Plastics Economy (NPEC) is an ambitious, three-year initiative supported by the Ellen McArthur Foundation to build momentum around a working plastics economy. Applying the principles of the circular economy, it brings together key stakeholders to rethink and redesign the future of plastics and thus create both economic and environmental benefits. Catalyzing change in this global material flow will not only create a more effective plastics system, but will also demonstrate the potential for a wider shift from a linear to a circular economy. As an active member participating in several pioneer projects Constantia Flexibles understands the importance of modern plastic packaging design.

Moreover, as already mentioned in the "Compensation" section and to follow the responsible sourcing policies of its customers, Constantia Flexibles endorses for its sites the ethical standards represented by Sedex (Supplier Ethical Data Exchange). Sedex is a non-profit membership platform dedicated to improving ethical supply standards along the value chain using tools such as standardized information exchange *via* questionnaires and audits (SMETA = Sedex Members Ethical Trade Audit).

SEDEX focuses on 4 areas:

- labor standards;
- health and safety;
- environment; and
- business integrity.

Society

Stakeholder dialog

Constantia Flexibles is conscious of its responsibility toward society and its strategy aims to be engaged in social activities and projects to contribute to a better social environment. In 2016 Constantia Flexibles' plants conducted 46 sponsoring activities and 55 social initiatives. The company places special emphasis on local communities - appropriate conduct for a good neighbor. Therefore 60% of social initiatives were focused on the needs of local communities around Constantia Flexibles sites. Every year projects can be submitted for the Constantia Flexibles Social Award. The best projects are presented in a traditional gala in Vienna. The quality and number of the projects submitted previously reflect the high commitment of the staff with regard to social engagement. Recent examples of social initiatives are:

1. supporting 20 "START" students in Austria. This sustainable initiative operating in several Austrian states aims to support gifted students of immigrant families in their social involvement within their community to facilitate their integration. www.start-stipendium.at;
2. Constantia Cooking. Since 2009, employees of Rivergate headquarters have been cooking for homeless people at the VinziRast shelter in Vienna every month;
3. Visionaries and Voices, Cincinnati USA. Since 2013, Constantia Spear has been supporting art projects and galleries created by people with disabilities;
4. Project Gift, Blythewood, USA. Since August 2007 Constantia Blythewood and it employees have been active in the local community, providing food to hungry children;
5. Verstraete, Belgium. Every employee at the site received a beach ball. The idea: employeees were encouraged to take a photo of their ball while on holiday and then share it on the company´s Facebook page. For every photo posted, Verstraete made a donation to an organization fighting leukemia;
6. Project "Muthande Lamontville", Constantia Afripak, South Africa. The company has built a service center for elderly people in Durban. This project took seven years to complete.

Relationship with other stakeholders

Constantia Flexibles concerns itself intensively with the topic of sustainability at the association level as a participant in international task forces. As a permanent member of Flexible Packaging Europe's sustainability committee and the European Aluminium Foil Association's Foil Sustainability Action Group, Constantia Flexibles works constantly toward making its voice heard in terms of current affairs, initiating projects and encouraging intercompany cooperation in the defense of common interests.

Likewise, Constantia Flexibles' membership in the Sustainable Packaging Coalition strengthens its ties to key accounts and increases shared understanding of the sustainability issues affecting the packaging industry. The Sustainable Packaging Coalition (SPC) is a task force dedicated to the vision of more environmentally friendly packaging. Through strong member support, sound scientific research, cooperation along the supply chain and continuous public relations work, the SPC strives toward developing packaging systems that successfully combine economic prosperity with sustainable material flows. The variety of projects carried out under the auspices of the coalition is reflected in the vast amounts of data shared between members. Above all, the global dialog encourages and promotes worldwide consensus on the subject of packaging. As a committed member, Constantia Flexibles is engaged in industry leadership projects that seek solutions to contemporary problems and the continued development of more sustainable packaging solutions for its customers (*e.g.* recovery of flexible packaging solutions in the US).

Constantia Flexibles also takes an active interest in current and planned legislation in the field of sustainability. For example, it is engaged in the current European Commission initiative that uses pilot studies on Product Environmental Footprint (PEF) and Organisation Environmental Footprint (OEF). The company is actively involved in the requisite pilot studies and is a member of selected technical secretariats for individual product groups, such as PEF Dairy. 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.

Alongside the monitoring and development of relevant trends with the potential to improve the sustainability of its products on the market and in legislative matters, support for internal stakeholders (such as sales and product management teams) is another of Constantia Flexibles' key endeavors.

In 2016 Constantia Flexibles initiated the process of a comprehensive materiality assessment in accordance with the Global Reporting Initiative (GRI). An internal impact assessment was combined with a broad stakeholder analysis. The results will be used in 2017 for stakeholder integration to complete the materiality assessment.

Business ethics

Constantia Flexibles is committed to combatting bribery and all other forms of corruption. Its anti-corruption-policy sets out the standards of Constantia Flexibles in complying with applicable anti-corruption laws wherever it operates. Constantia Flexibles does not tolerate bribery and therefore stipulates in its anti-corruption policy that no employee may directly or indirectly offer, promise, grant or authorize the giving of money or anything else of value to a government official to influence official action or obtain an improper advantage. The same applies to a representative of a non-government-owned commercial entity in a business transaction.

Constantia Flexibles fully recognizes the principles of free and fair competition and commits itself to comply with all relevant antitrust requirements applicable in the respective jurisdictions the group is active. It is in accordance with the business policy of Constantia Flexibles to respect and promote fair and free competition. The company thus pursues a zero-tolerance policy with respect to anti-competitive practices in order to ensure compliance with the relevant competition law provisions. To enable employees themselves to take action, Constantia Flexibles has established a whistleblower hotline, where employees who have concerns about a business situation can seek contact and advice. Furthermore, online training programs on anti-trust and on preventing bribery are provided to employees with external contact.

Innovation

As a globally active group, Constantia Flexibles depends on innovation as a decisive factor for business success. This not only applies to technical and economic issues, but also to ecological aspects.

Constantia Flexibles' research and development work is carried out within the scope of projects and frequently takes the form of joint initiatives with the global players among its key customers. Close cooperation with its suppliers as well as with international universities and research institutes also serves to secure cutting-edge, market-oriented developments.

Constantia Flexibles has a sizeable number of patents and patent applications, which clearly indicate its strong competitive technological status. The company has two state-of-the-art Competence Centers for research and development (R&D). The first, the "Competence Center for Aluminium Foil and Foil Laminates", is located at Constantia Flexibles' largest plant, C. Teich in Austria, as is the company's coordination for regulatory affairs unit. In the competence center R & D experts work on the research and development of aluminum, lacquers and co-extrusion coating polymers. The second is the "Competence Center for Polymer Films and Film Laminates" located at the company's second-largest production plant in Weiden, Germany. These two competence centers are aimed at helping product and sales managers. Their focus is on analyzing and testing the composition of the latest film products; on developing new film formulations with Constantia Flexibles' raw material suppliers in order to obtain optimal quality and meet stringent food contact legislation in a transparent way; and on developing mock-ups of in-house innovations for customers to meet long-term customer and consumer trends.

Innovation is at the heart of Constantia Flexibles' strategy. The innovation process is thus driven by product management, to work together closely with its customers and also includes other functions of Constantia Flexibles, such as sustainability and regulatory affairs. Solutions such as bio-based products, reduction in aluminum thickness, solvent free products, labels that detach cleanly from the bottle making it compatible with the recycling process of the bottle, etc. have been successfully developed.

Innovations of products in packaging can not only improve the environmental impact of the packaging itself but can also contribute to increasing the shelf life of the packaged product and therefore reduce food waste. This important role of packaging is not quantifiable within the framework of Life Cycle Assessment, but has significant impact on the amount of resources lost. Constantia is working to reduce food waste, as a member of the UN "Save Food" Initiative. The "Save Food" initiative was introduced in 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). 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.

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. The life cycle assessment (LCA) studies Constantia Flexibles conducts both independently and in cooperation with the European Aluminium Foil Association (EAFA) and Flexible Packaging Europe (FPE) are fundamental to the improvement of its ecological footprint.

Moreover Constantia Flexibles has chosen a new and innovative path by integrating corporate and product sustainability in life cycle assessment. Life cycle assessments at Constantia Flexibles have thus been conducted since 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.

In the process, corporate and raw material data is automatically entered into life cycle assessments models and made available to various internal and external interest groups *via* web-based platforms.

This process is part of its quality assurance and ensures that:

- the procedures and methods for developing the underlying models follow the requirements described in the Standards ISO 14040 and ISO 14044;
- the primary and secondary data used, including their sources (*e.g.* background data-sets), indicators and assumptions are appropriate; and
- the interactive meta LCA-model functions correctly and delivers comprehensible results.

In 2016, Constantia Flexibles' meta LCA-model went through a critical review by an independent expert.

Consumer health

To ensure consumer health and safety Constantia Flexibles complies with all food and pharma packaging regulations applicable in the respective jurisdictions.

In the two competence centers of the company, analytical research & development experts with state of the art analytics, laboratory tests and knowledge investigate the safety and compliance of the company's products, in particular, those related to the supplementation of chemical-analytical capacity with a focus on migration.

Subcontractors and suppliers

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. 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. Fair trade practices, integrity vis-à-vis all stakeholders and environmental protection are of course 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 and R&D projects).

The code of conduct for suppliers is part of the purchasing conditions set by Constantia Flexibles. In 2013, inquiries were sent to all suppliers verifying their compliance with Constantia Flexibles' requirements through self-assessment. A follow-up evaluation, including a full sustainability assessment of the suppliers is planned for upcoming periods.

Transparency

Constantia Flexibles acknowledges its social responsibility vis-à-vis society in general, as well as vis-à-vis business partners, shareholders, and employees. Constantia Flexibles shares key environmental data throughout the supply chains and collaborates with selected platforms/projects:

Ecodesk

Every year, Constantia Flexibles reports environmental KPIs to Ecodesk. In doing so, the platform encourages and supports suppliers in the measurement and management of relevant business issues in order to ensure sustained value creation.

Ecovadis

Constantia Flexibles is also a well-rated member of EcoVadis, a company that aims to improve 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. Constantia Flexibles has been evaluated by EcoVadis at the company level and at plant level and has achieved silver and even gold ratings, placing the company among the top performers evaluated by EcoVadis.

Carbon Disclosure Project (CDP)

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 our climate change reporting and our climate protection efforts (see section "Adaptation to climate change"), Constantia Flexibles was awarded a high CDP Climate Score Rating (Management Level).

Methodology

Reporting scope

The reporting scope includes 53 Constantia Flexible sites (12 more than in 2015) that were part of the company in 2016. The acquisitions of 2015 included into the 2016 scope were:

- Food:
  - Afripack Flexibles Mobeni,
  - Afripack Sacks Mobeni,
  - Afripack Flexibles Pinetown,
  - Afripack Sacks Brits,
  - Afripack Standard Labels,
  - (Afripack) Afriflex East Africa,
  - Pouch Dynamics;
- Labels:
  - Pemara Labels (Australia),
  - Pemara Labels (Malaysia),
  - Pemara Labels (Vietnam),
  - Pemara Labels (Indonesia),
  - Afripack Labels (South Africa);
- Important notes:
  - Constantia Flexibles had new acquisitions in 2016 (C. Oai Hung and C. San Prospero), which will fully be taken into the scope of the the "Environment" and "Health and Safety" sections from 2017 onwards. C. Oai Hung is already included in the scope of Employment reporting for 2016,
  - the headquarter and sales offices were not part of the scope in the "Environment" section, but were included in the "Employment" section,
  - the reporting scope of 2016 "Health and Safety" includes 42 production locations of Constantia Flexibles globally, which reflects the same reporting scope as 2015. The acquisitions of 2015 and additionally three offices (including the headquarters) will be incorporated in 2017 (as per January 1).

Social

Employment

The employee turnover rate is calculated by counting employees who left Constantia Flexibles during the year in reference to the delta of employees employed during the year divided by two.

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.

Environment

Energy

The following energy sources are included in total energy consumption: natural gas, LPG, diesel, heating oil, petrol, electricity, steam and hot water.

Fossil fuel consumption is expressed in MWh Higher Heating Value (HHV).

Scopes 1 & 2 & 3

The CO_2 emissions calculation is based on Scope 1, Scope 2 and Scope 3 (category "purchased goods and services" and "fuel-and energy-related activities – not included in Scope 1 or Scope 2") 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 GHG emissions inventory that includes indirect emissions resulting from value chain activities (*i.e.* Scope 3 emissions).

Analysis at constant scope

For Scope 1 and 2 emissions the following adaptations to the system (boundaries) have been set:

- in 2015 a site was closed which is not included in the recalculation;
- the 11 plants acquired in 2016 are excluded from the recalculation;
- the CO_2 factors used for the calculation of the emissions are different in both years due to a yearly update. For the recalculation the emissions factors of 2016 are used for both years;
- in 2016 two new Scope 1 positions were tracked: GPL emissions and gasoline emissions. For the recalculation these positions are excluded.

VOC Emissions

The evaluation of VOC Emissions is based on the French *Guide d'élaboration d'un plan de gestion des solvants – Révision n° 1* and is calculated as follows:

- VOC total emissions: I1-O5-06-O7-O8

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 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 is not included.
- Waste for recovery: waste handed over to an external contractor who has ensured that the waste was recycled, reused, composted or incinerated with energy recovery.

Water usage

The data on water usage were defined according to GRI and collected in a volume unit.

- The sum of all water drawn into the boundaries of the organization from all sources (including surface water, ground water, rainwater, and municipal water supply) for any use over the course of the reporting period.

3.2.2 Cromology

3.2.2.1 Commitments for a responsible enterprise

General policy

Since 2010, Cromology's sustainable development policy has centered on its "CORE, Commitment to a Responsible Enterprise" initiative, through seven goals identified within the three pillars of sustainable development:

Economic	Environmental	Social/societal
Supporting customers in their sustainable development efforts	Optimizing the use of resources in products and processes	Acting for and with employees
Innovating and proposing products and services that are more respectful of their users and the environment	Limiting the impact on the environment	Strengthening the group's presence in the local community
	Strengthening the environmental management system	

The policy is based on seven values defined by Cromology at the end of 2014 as fundamental principles. These guide the initiatives, decisions, choices and day-to-day conduct of the people in the group.

These values are:

- safety;
- excellence;
- respect;
- customer satisfaction;
- imagination;
- teamwork;
- simplicity.

Cromology's definition for these values can be found at:

http://www.cromology.com/en/who-we-are/our-values

Management's commitment

"We firmly believe that what we invent and achieve must protect and enhance the environment of those who live in it.

The ambition of Cromology and its brands is to help our customers – professionals and individuals – to increase their technical and aesthetic know-how, thus contributing in a lasting way to everyone's well-being.

Such conviction means that we are conscious of our responsibility as decorative paint designer, manufacturer and distributor to everyone – internal and external – who works for our sustainable and responsible growth.

In this way, Cromology's commitment to sustainable development is in step with our desire to combine long-term economic performance with excellence in terms of:

- *the safety and social development of our employees and the sub-contractors who work on our premises;*
- *nature preservation;*
- *and dialogue with the community.*

Responsible development: we live it every day; and I am convinced that by honoring our CSR commitments throughout all our business activities, Cromology is making a contribution to our stakeholders and the company, creating value for them."

Gilles Nauche

CEO of Cromology

CSR governance

In 2015, Cromology formed a CSR steering committee. The committee met four times in 2016. It is composed of members from the Marketing, Supply Chain, R&D, HR, QSE and Communications departments, and the manager of an operating subsidiary, who define and manage the group's CSR strategy. During the year, the committee focused on identifying the CSR performance indicators shared by all of its subsidiaries so that they could be incorporated into their three-year strategic plan.

In addition to this centralized CSR effort, each Cromology subsidiary develops its long-term approach, which is led by its CSR manager.

This local connection ensures that the commitments made are relevant and that all teams quickly adopt and act on them.

For example, Zolpan, one of Cromology's French subsidiaries, has its own CSR approach. Consequently, during 2016, the independent verifier VIGEO conducted an audit of Zolpan's CSR commitments. This follow-up audit allowed Zolpan to maintain the LUCIE certification (the French CSR label) that it has held since 2011. This label demonstrates that Zolpan is serious about its voluntary actions to meet the ISO 26000 international standard.

3.2.2.2 Reporting Methodology

Scope and methods of consolidation

To produce the key indicators selected for this report, data were taken from the worldwide subsidiaries consolidated in the financial statements of the Cromology Group.

A specific calculation method has been defined for each indicator. Where measured data is not available, each entity produces estimates and an explanatory note, according to methods appropriate for that indicator. Data are collected using report files validated by Cromology.

Responsibilities and verifications

The group's Human Resources department collects and consolidates the HR data, ensures that they are consistent, and validates them. The HR division of each subsidiary is responsible for these data.

The QSE department of Cromology consolidates the data related to safety and the environment and performs consistency checks.

Safety indicators are produced by the Safety manager of each subsidiary. The environmental experts of each Cromology subsidiary are responsible for producing the environmental data.

Each Cromology subsidiary is responsible for collecting and verifying the data it reports.

Each site director is responsible for producing the indicators and performing an initial verification of the result.

Reporting methodology

Methodological limitations and uncertainties

The reporting methods for certain social, environmental and safety indicators may have certain limitations due to the pragmatic considerations of collecting and consolidating the relevant data.

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 lost-time injury frequency rate (LT1) is the number of accidents involving the loss of one or more days of working time that occur over a 12-month period, per million hours worked(1). It is reported for all subsidiaries in the Cromology Group and includes fixed-term and permanent contract employees, temporary employees and subcontractors.

The accident frequency rate with and without lost time (LT2) 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 travelling are included in these indicators when they occur during working hours. Accidents while commuting between home and work are not included.

Lost-time injury severity rate

The lost-time injury 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 subsidiaries.

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 not included in the overall consumption for a site. It is reported for all Cromology subsidiaries.

Waste levels

Quantity of waste generated as a % per kg of products manufactured (this rate does not take into account exceptional waste, such as asbestos disposal from buildings).

(1) Working hours are calculated for Cromology personnel (actual hours or fixed amount, depending on the type of contract) and temporary workers (hours calculated by the temporary work agency). They are estimated for subcontractors (using a fixed amount per subcontractor if no monthly tracking).

VOC Emissions

VOC emissions from fuel combustion are calculated using emission factors determined by the French National Organization for Atmospheric Emissions Inventory Methods (French Ecology Ministry, France, February 2012).

VOC emissions from industrial processes (use of solvents) are the primary components of this indicator.

When a solvent management plan exists, the VOC indicator is calculated according to this plan. When no solvent management plan is available, emissions must be described and estimated compared to other industrial sites and similar types of production.

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 month. Employees whose employment contract has been suspended and participants in programs that alternate classroom study with practical work experience are counted among the workforce at the end of the reporting period. Trainees and PhD students are not counted. Workforce data is reported in terms of number of people and not full-time equivalents.

Hires & departures

New hires under permanent contracts and fixed-term contracts made permanent are counted as new hires. Departures relate solely to permanent contracts. Internal transfers are not included in the indicators.

Absentee rate

The absentee rate for employees on permanent and fixed term contracts is reported for all subsidiaries. It is calculated by dividing the number of calendar days of absence by the number of theoretical calendar days worked. 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.

Total hours of training

Hours of training for employees on permanent and fixed-term contracts are reported for all subsidiaries. This figure includes in-house and external training (including e-learning). It does not include the study hours in France for participants in programs that alternate between work and study or time spent in relation to the World Day for Safety.

3.2.2.3 Social initiatives: acting for and with our employees

Cromology has nearly 3,950 employees in 10 countries. Given its manufacturing and, in some countries, distributing activities, Cromology manages a wide range of professions with employees spread across a very large number of geographical locations.

Safety first, Cromology's most important value

The safety of employees and subcontractors is the most important value of Cromology, which made the "zero accident" choice as of 2013.

Several Cromology subsidiaries have achieved this objective for a number of years.

The Cromology Executive Committee and senior management teams are closely involved in these efforts to build a safety culture and pass it on to all employees. A safety indicator is included in the annual objectives of the CEOs of each subsidiary or country as well as those of many managers.

This culture of safety is based on setting an example and requires an increasingly strong commitment from managers at every level.

Every new employee is made aware of the importance of the company's safety culture by their manager when they sign their employment agreement; they also sign and agree to abide by these golden rules.

Each year since 2009, the Cromology world day for safety has provided an opportunity to focus the attention of employees around the world on the need to make safety a habit.

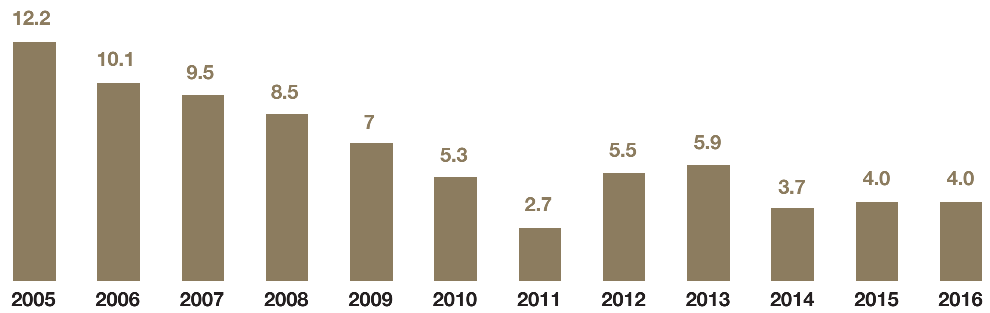
To facilitate the sharing of experiences and promote risk prevention, Cromology has several multilingual communications tools (presentations, posters, videos) that were developed by Cromology to address different types of injuries, depending on the work environment.

They can be used by managers for their "safety minute" presentations (daily or weekly meetings led by team managers), team meetings and information meetings.

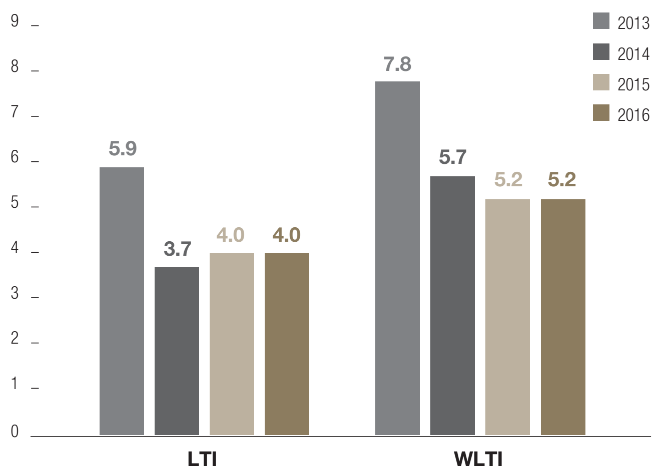
Monitoring results

Over the last 11 years, Cromology's LT1 rate has dropped by two-thirds.

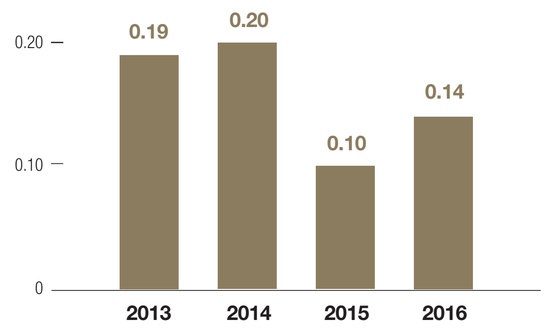
LT1: number of lost-time injuries per million hours worked among employees with permanent or fixed-term contracts, temporary staff and subcontractors.



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.



Severity rate: number of days of working time lost following a work-related accident, per 1,000 hours worked among employees with permanent or fixed-term contracts, temporary staff and subcontractors.



During 2016, the total number of accidents remained unchanged compared to 2015. The safety action plans implemented at Cromology subsidiaries continued to be followed to reduce the number of accidents. The severity rate increased compared to 2015 due to an increase in lost time periods.

For every injury, with or without lost work time, the relevant subsidiary performs a root-cause analysis to determine what preventive and corrective action should be taken.

In 2016, Cromology conducted nearly 4,000 safety inspections throughout its production, logistics and distribution sites.

Targets were set for reporting unsafe situations and near-misses by subsidiary. Employees identified nearly 5,000 unsafe situations and near-misses – twice as many as in 2015.

Cromology's goal is to double the reports of unsafe situations and near-misses in 2017. Each subsidiary has a process for handling these situations so they can quickly respond in each case.

Behavior Based Safety (BBS), already in place at Cromology Italia, with excellent results, is being implemented at Cromology's subsidiaries in Morocco (Arcol), Portugal (Tintas Robbialac) and France (CRI). It involves allocating time to safety where employees evaluate each other in a positive atmosphere and exchange feedback on their behavior, to improve safety in their day-to-day work.

A poster campaign, created by Cromology to regularly remind employees about risky situations and to increase their awareness, has been used throughout the company since December 2016. Twelve "shock" posters, translated for each country, will be circulated every two months until 2018.

Likewise, a new safety awareness video intended for new hires was made available to all subsidiaries in their local language.

In addition, various subsidiaries are taking initiatives to increase prevention:

- Cromology España set up a "Safety House" at its Les Franqueses industrial site. This space is used for safety minute meetings, warm-up sessions before starting work, and all safety awareness meetings;
- at CRI in France, employee warmup sessions have been used at production and logistics sites with very positive feedback:
  - 65% of employees feel that it has a favorable impact on the working environment,
  - 70% report that it is good preparation before starting work.

  CRI also initiated an audit with an external service provider to prevent and reduce work stress. The employee representative bodies and employees were informed about it;
- within its Tollens and Zolpan distribution networks, a standard safety communication board has been installed in each store;
- some subsidiaries recognize the safety prevention initiatives of individuals or groups through, for example, achievement awards or bonuses at Zolpan, and employee recognition *via* an internal announcement at Colorín;
- in France, to help strengthen the safety culture among its 560 managers, Cromology created an in-house training program for them. This two-day training program, designed by an external service provider, has been conducted since 2015 and extended to 2017.

Incorporating the safety culture into industrial practices

Cromology's industrial sites have been OHSAS 18001 certified since 2015.

Translating Cromology values into actions

In 2016, Cromology Italia launched the "Valori" initiative: a team of seven employees representing the company's various functions developed activities and a training program to promote the values within the company.

The main actions undertaken were to:

- ensure that each value is included and put into practice in the workplace;
- support the values through concrete actions in the various functions of the company.

In 2016, Cromology modified the performance appraisal document (HR1) for top managers so that the annual performance appraisal is also carried out according to the company's seven values (see page 15, "Annual Performance Review").

Human resources 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.

The HR department at Cromology promotes collaborative work and coordinates a community of HR Directors to facilitate the sharing of best practices, by organizing an annual HR meeting, for example.

Because of its size, France has a special coordination process, with an HR department meeting about every two months and information sharing on transverse projects.

Cromology's HR department defines and disseminates 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 company are benchmarked using a job factor evaluation system, and their compensation is compared to each local market.

The HR department in each subsidiary also assumes the following responsibilities:

- support and apply the commitment to safety made by Cromology and ensure that its organization functions in a way that exemplifies 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 adapted 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 labor laws.

Fostering employee engagement

Measuring engagement

In 2016, the three French subsidiaries (CRI, Tollens and Zolpan) once again surveyed the degree of satisfaction and engagement of their 2,500 employees, by participating in the Great Place to Work® employee satisfaction survey.

The average participation rate was 87%. The results were evaluated for each of the subsidiaries' managerial entities, then consolidated by subsidiary, thus defining actions adapted as closely as possible to the employees.

This questionnaire also evaluated how employees view the quality of their work life, which is a prerequisite and essential condition for increasing employee engagement.

Implementing action plans

In France, the analysis of results of this survey will lead to the implementation of action plans for communication, leadership and participative management.

These actions will then be added to the actions already in place as a result of previous surveys.

Cromology España and Tintas Robbialac continued the actions implemented in 2015.

In particular, Tintas Robbialac established 12 working groups, representing 20% of the total workforce, to determine actions for improving the future results of the Great Place to Work® survey.

Cromology Italia took a different approach and selected the "PX.Lab" project as an action to evaluate the social environment and employee expectations. For this project, a team of seven employees, representing various functions at the company, were responsible for gathering requests from their colleagues and considering the best actions to take to meet their expectations.

At the same time, the "Ascoltiamoci" project led to individual meetings between managers and each employee to understand their expectations and anticipate potential problems.

Internal communications

Organization

A Communications department that reports directly to the Chairman of Cromology was created in 2014.

Actions

This department works to strengthen the internal communications tools. Consequently, it took the lead in creating and establishing the company's intranet. The rollout is being completed (nearly 85% of employees had direct access to the intranet at the end of January 2017). It is intended to share best practices and initiatives in the countries where Cromology operates, recent news about the company, the group employee directory and employment opportunities.

The Communications Department also runs meetings with senior managers throughout the year to report on Cromology's development strategy. Besides an annual convention, once a quarter executives from the Management Committees of all subsidiaries take part in a Group Management Meeting *via* video-conference. The company's targets and results, ongoing projects, and successes are shared. This regular meeting gives subsidiary executives up-to-date information about the company that they can share with their teams.

Local initiatives and time spent on information are continually increasing at the various subsidiaries. For example:

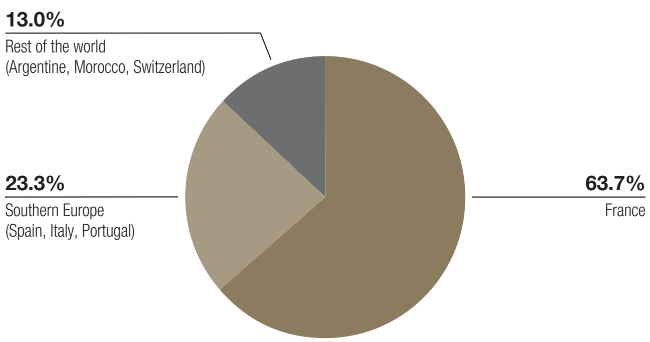
- Tintas Robbialac started a quarterly newsletter and invited all employees to the annual convention;
- the Breakfasts program at Colorín in Argentina has been expanded. Every employee in the company participated in at least one communication meeting with the CEO during the year;
- regular, organized and structured information meetings are increasing at CRI, in the Tollens network, at Vernis Claessens and in Spain, where the Espacios initiative was launched. Every six months, the Executive Committee of this Spanish subsidiary spends a day updating employees, divided into small groups, on the strategy, new product launches, results, etc., thereby encouraging high-quality dialogue;
- to increase employee engagement and sense of belonging, CRI Nord (for its 25-year anniversary) and Cromology Italia organized open-house days for families. In Italy, 620 people participated in this event.

HC

In 2016, the group's total workforce increased by 1.4%, due primarily to two acquisitions in Switzerland and France. More than 80 employees were thus integrated into the company.

The territorial system of the two French distribution networks was expanded with the opening of ten sales points for Zolpan and three for Tollens, and four sales points acquired from independent distributors. This workforce growth was partially offset by several sales point closings in France (in the Couleurs de Tollens network) and in Italy, and post-acquisition workforce adjustments in Switzerland.

Breakdown of staff by geographic region



Absenteeism

The absentee rate has been reduced, from 3.2% to 3%. Beginning in 2016, absenteeism will be calculated including fixed term contracts; previously it was only calculated for permanent contracts.

The proactive policy Colorín has followed for several years is noteworthy. In three years, the absentee rate dropped from 6.2% to 3.6%. By comparison, the average absentee rate for the industry is 7% in Argentina.

CRI has also seen a decline in its absentee rate for two years. Short-term absenteeism is only 1%.

Hiring, training and employee development

In a services industry like that of Cromology, employees are key and can make a lasting difference with respect to competitors.

Hiring and onboarding

In 2016, Cromology hired 351 new employees on permanent work contracts and 87 employees had their fixed-term contracts made permanent.

These new hires present so many opportunities to strengthen the company as a whole with employees skilled in their field, whose engagement supports the group's growth.

Recruitment procedures were strengthened. Candidates systematically meet with several existing employees. In particular, meetings with the executives of the distribution networks are organized for candidates for travelling sales positions.

At least three references are required for candidates selected for the final phase of the process. In France, two positions were created to strengthen the recruitment process.

Before resorting to external recruitment, priority is given to employees who have demonstrated their potential for advancement.

In September 2016, Couleurs de Tollens hired 22 new permanent contract employees for its sales points through an onboarding program called Carrefour des Métiers (crossroads of trades). These employees are receiving training one week per month, culminating in July 2017 with the delivery of a professional qualification certificate recognized by the industry. At the end of this period, they will be fully trained in the fields of in-store sales consulting, products and company procedures, and will have a new skills qualification. These employees have been carefully recruited, and only the most motivated candidates were hired. Out of 1,000 persons expressing interest, 100 were interviewed and 22 were hired.

Couleurs de Tollens will continue this process until 2018. Zolpan is preparing to recruit 15 people under permanent contracts.

Procedures to facilitate the onboarding of new hires are becoming widely used.

In France, managers participate in a day of information about the company. The program includes: the group's activities, growth strategy, values and its strong safety culture. The purpose is to promote dialogue between managers (from various subsidiaries and trades) and company executives.

During this day, they also tour an industrial center, a logistics center, and an R&D laboratory.

At CRI in Portugal and Switzerland, a number of initiatives have been instituted, such as information and onboarding programs, welcome documents (welcome package, training courses, visits to stores and/or industrial sites), and even product training programs at Zolpan and Tollens.

Training

Each subsidiary develops its training policy 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 slightly lower than in 2015, investment in training remains at a very significant and consistent level. In 2016, 78% of company employees participated in at least one training program during the year. The average number of training hours per employee was 17.6 hours per year. For the second consecutive year, external training costs rose by 22%, reflecting the greater sophistication of the training programs that were developed.

Drawing from lessons learned through the 2015 Great Place to Work® survey, Cromology España substantially increased its investment in training with 30% more hours of training, bringing average annual training hours from 15.3 to 20.6 hours.

The founding of the Cromology University was a highlight of 2016. This custom-designed one-week residency program, developed by HEC Paris and led by its faculty, brought 66 managers together for two sessions on HEC's campus. The purpose was to develop a common performance culture based on a shared set of values and competencies. This program focusses on the talents and key persons at Cromology. Instruction in finance and corporate management skills is provided through a business game and business development training over the course of this intense week. 93% of the participants expressed a favorable opinion of this training.

Annual Performance Appraisal (APA)

The APA is an important event in the relationship between an employee and his or her manager. It is a time for discussion of the employee's overall performance and achievement of the goals set in the beginning of the year. This forms the basis for determining the portion of variable pay.

It is also an opportunity to discuss the employee's skills development and ambitions, training needs and the manager's management style.

The performance evaluation document for Top Managers (HR1) was reviewed during 2016. It is based on both the level of achievement of annual objectives and performance in the position. This performance measurement is taken across the company's seven values and 13 criteria for performance and managerial approach.

The challenges of this review were to develop the understanding and practice of the company's values, to promote the development of a corpus of managerial values and to simplify performance measurement. Each of these 20 criteria is the subject of a collaborative evaluation on a scale of 1 to 4 based on examples and facts. Apart from recognizing skills, the goal is to identify areas of progress and to determine action plans.

Distribution of this updated document to all managers is being considered.

The APA is implemented in all group subsidiaries and is intended to reach all employees. The percentage of managers having completed APAs was 80%.

Succession plan

Each subsidiary reviews its succession plan annually.

The succession plans for the Management Committee members in each subsidiary are consolidated by Cromology's Human Resources department to be presented to and discussed by executive management. These plans help the company ensure that it has the right people in place for its future development or that the necessary steps (training, mobility, recruitment, etc.) are being taken to achieve this objective.

The group's annual succession plans are driven by the succession planning and *people-review* process, which is increasingly used by the various subsidiaries.

High potentials, key personnel and experts

The Human Resources department manages a process for identifying high potentials, "key" personnel and experts. Based on a set of predefined criteria, each subsidiary has submitted proposals. After discussion with Cromology's management, a list of people to be closely followed is drawn up and regularly updated.

Compensation

The compensation policy of Cromology is coordinated with its subsidiaries and adapted to take into account characteristics that are specific to their local markets.

This compensation policy is based on the following principles:

- compliance with applicable regulations and the minimum contractual salary in force;
- recognition of individual and collective performance;
- desire for internal equity;
- consistency with local market conditions and price changes.

All of the group's subsidiaries implement variable compensation systems to enhance individual and/or collective performance.

The Human Resources departments in each subsidiary conduct periodic benchmark studies to ensure that compensation is consistent with market levels. Each year, Cromology subsidiaries engage in negotiations that enable a significant number of local collective agreements to be adopted regarding compensation or other HR topics (36 agreements in 2016, including 18 specifically for compensation).

In 2016, personnel expense increased by 0.5% compared to 2015, representing 25.5% of Cromology's sales. This increase of more than one point compared to 2015 was due to the decline in revenues even though the company continued to invest in acquisitions and new sales point openings.

Since 2014, the French employees have received an individual annual statement with detailed information about their overall annual direct and indirect compensation and their total healthcare and retirement benefits.

During 2016, a health care agreement was entered into for all of Arcol's employees, covering them, and their partners and children, for medical transport in the event of illness or accident, and for home medical visits at a negotiated and attractive rate.

Organization of work

Each Cromology subsidiary ensures that its business activities comply with local regulations. The continuous improvement of working conditions and organization is also an important element of each subsidiary's human resources policy for improving company performance.

The HR departments have been very involved in the organization and reorganization efforts: reorganizing the logistics platforms, reducing the number of regions in the French distribution networks, and integrating acquired companies (Switzerland and France).

During 2016, in addition to collective agreements on compensation, 18 local collective agreements were signed in areas related to working time, training, safety, health and diversity.

Diversity

Cromology fights all forms of discrimination through various initiatives.

In France, the Zolpan subsidiary is a signatory to the diversity charter, and belongs to the "1,000 entreprises" association that provides assistance to people experiencing difficulties (contact and assistance, meetings, etc.).

For the handicapped, Cromology has signed agreements in France with adapted employment centers or sheltered workshops. Cromology also notifies specialized organizations for the employment of people with disabilities of the group's available job openings. In November 2016, Tollens and CRI jointly participated in the European handicap awareness week. The purpose was to provide a better understanding that disability and work are not totally incompatible, to help employees who are disabled understand their status to better handle and fight prejudice.

To address at-risk youth, CRI signed a partnership agreement with the "second chance" school in Clichy (France) consisting of a series of initiatives, such as: resumé coaching, job interview exercises, and hosting interns to support youth who have left the school system without qualifications and to encourage them to return to school.

Freedom of association

In accordance with local regulations, Cromology allows employees open access to their representative, consultative and labor-management bodies in all of its subsidiaries.

Summary of human resources indicators

Human resources indicators	2014	2015	2016
HC			
Group workforce	3,864	3,893	3,947
of which permanent contracts	3,706	3,744	3,809
of which % of permanent contracts	95.9%	96.2%	96.5%
of which fixed-term contracts	158	149	138
of which % of fixed-term contracts	4.1%	3.8%	3.5%
of whom women	1,079	1,091	1,103
of whom % of women	27.9%	28%	28%
of whom men	2,785	2,802	2,844
of whom % of men	72.1%	72%	72%
New hires in the group	262	337	519(1)
of whom women	72	106	141
of whom % of women	25.9%	31.5%	27.2%
Departures from the group(2)	368	348	466
of whom women	100	99	133
of whom % of women	27.2%	28.4%	28.5%
Breakdown of staff by geographic region			
France(3)	64.2%	64.8%	63.7%
Southern Europe (Spain, Italy, Portugal)	23.8%	23.6%	23.3%
Other countries (Argentina, Morocco, Switzerland)	12%	11.5%	13%
Personnel expense as a % of sales	**23.9%**	**24.9%**	**25.5%**
Absenteeism	**3.0**	**3.2**	**3(4)**
Training			
Number of employees having completed at least one training program	2,959	3,163	3,084
% of employees having completed at least one training program	76.5%	81.3%	78.1%
Average number of training hours per employee	15.7	19.1	17.6
External training costs as a % of payroll	0.7%	0.8%	1%
Personal safety(5)			
Number of work injuries with at least one day of lost time	26	29	29
Number of work injuries without lost time	12	9	9
Rate of injuries with lost work time (LT1)	3.7	4.0	4.0
Rate of injuries with or without lost work time (LT2)	5.7	5.2	5.2
Severity rate(6)	0.20	0.10	0.14
% of industrial sites with OHSAS 18001 certification	83%	100%	100%

(1) Permanent contracts and fixed-term contracts made permanent.
(2) Permanent contracts only.
(3) Includes employees working in Belgium and Luxembourg.
(4) The 2016 value is calculated for employees with permanent and fixed-term contracts, whereas the values in prior years was calculated based on employees with permanent contracts only.
(5) Scope including permanent, fixed-term and temporary employees and subcontractors.
(6) Severity rate: (number of days of working time lost x 1,000)/number of hours worked.

Environmental initiatives

Respect for the environment is an important aspect of Cromology's culture, which is why the company invested €2.4 million in 2016 to prevent "environment and safety" risks, representing 11% of its total capital expenditure.

The company has developed an environmental strategy based on three priorities:

- strengthening its environmental management system;
- optimizing the use of resources;
- reducing its environmental impact.

The industrial activities of Cromology, mainly involving the formulation and manufacture of paint, have a moderate direct impact on the environment.

Strengthening the environmental management system

Cromology continued its efforts to prevent risks and reinforce environmental management at all of its industrial sites through the gradual achievement of ISO 14001 certification. Seven Cromology sites, representing 47% of its industrial and logistics sites, are now certified to this standard.

Optimizing the use of resources

Resource consumption at Cromology is directly proportional to its volume of activity.

Energy management and improved energy efficiency

Cromology continued its initiatives to improve energy efficiency to diminish its environmental impact and energy costs.

The company's total energy consumption in 2016 was 197.9 terajoules, up 6% from 2015, while business volume decreased by 2% over the same period. This increase was primarily due to a more severe winter in 2016.

In 2016, diesel fuel used by forklifts (15,000 liters for their combustion engines) at the Arcol site in Morocco was included in energy consumption.

At the San Miniato (Italy) site, electricity consumption was reduced by installing exterior LED lighting and an operator awareness campaign to reduce electricity use.

The rise in energy consumption resulted in increased NOx and CO_2 emissions of 13% and 12%, respectively, in absolute values. VOC emissions increased by 66%. These increases resulted in new measurements and calculations being performed at the Champagné (France), Casablanca (Morocco) and Les Franqueses (Spain) sites.

In Europe, an energy audit in line with European directive 2012/27/UE was performed for the relevant subsidiaries: Italy, Portugal, and the Zolpan and Tollens (France) networks. An action plan will be implemented by subsidiary in 2017.

Water management

The group's total water consumption in 2016 was 155,753 cubic meters, down 2%, while business volume also decreased by 2%. Correlating with our small decrease in water consumption, Chemical Oxygen Demand (COD) fell considerably between 2015 and 2016, from 47.8 to 37.8 metric tons. Total suspended solids (TSS)[1] increased slightly by 3% over the same period.

A number of Cromology industrial sites have been designed so that effluents are fully recycled and that no wastewater is discharged into the environment. The Wormhout (France) site is one example. Within the scope of ongoing improvement efforts, specific investments are made each year to improve industrial wastewater treatment and reduce discharges from the relevant activities.

At Les Franqueses (Spain), for instance, a new biological water treatment unit was installed at the end of 2014 and is now fully operational.

A new water treatment facility was also installed at the Casablanca site, which has significantly improved the quality of wastewater discharges.

At La Bridoire (France), a second test of the pilot evaporator/concentrator was conducted to improve the quality of water discharged. The results obtained are being examined, with the eventual goal of eliminating water discharge at the site.

Raw material management

The processes employed by Cromology in its activities produce very little loss or waste.

The level of waste as a percentage of volume manufactured was 4.3% in 2014, 3.7% in 2015, and 5.8% in 2016.

The increase in 2016 was the result of the reclassification of wastewater at the Resana site to "Waste" because it is collected by an external service provider and treated outside the site. On a constant basis, the level of waste was 3.9% in 2016. The slight increase on a constant basis from 2015 to 2016 was the result of several operations to remove dead inventory in Italy and France. At La Bridoire (France), total waste produced increased by 8.8%, along with an 8.6% increase in production. However, strict waste management resulted in a 71% decrease in the production of hazardous waste.

Working closely with its packaging suppliers, the group was able to reduce its consumption of petroleum-based raw materials by using regenerated plastics. Cromology's principal supplier has thus committed to using up to 50% of the volume of regenerated polypropylene to manufacture product packaging.

(1) Measurement performed on wastewater discharges from industrial processes

As a color expert, Cromology manages the entire preparation and manufacture of all its colorants for perfect and timeless colors. Consequently, Cromology provides its integrated and partner distribution networks with colorants manufactured in its factories. Cromology has been replacing its rigid plastic packaging with flexible packaging since 2015. This has reduced the volume and weight of this packaging (68 metric tons in 2015 and 2016 combined), and the energy needed to manufacture and transport them. In addition, this type of packaging allows the client to maximize the use of product content, which results in the least product loss (13.6 metric tons in 2015 and 2016 combined).

Limiting the environmental impact

Management and disposal of industrial waste

In 2016, Cromology's industrial activities generated a total of 12,684 metric tons of waste, a 52% increase from 2015, due to the reclassification of wastewater at the Resana site to "Waste" because it is collected by an external service provider and treated outside the site. On a constant basis, the increase was 3.5% compared to 2015. This increase was due to removing dead inventory, as mentioned previously. All of this waste is treated by specialist subcontractors accredited by local authorities.

The weight of waste classified as hazardous, as defined under the European Waste Catalogue, diminished by 9% between 2015 and 2016, a reduction of 24.8% over two years. This reduction was achieved through strict management of waste, including intensified efforts to sort waste.

The La Bridoire and Casablanca plants have been equipped with waste compactors since 2014. The Vémars plant (France) has had a waste compactor since the beginning of 2016. By compacting certain types of waste, such as plastic wrap, some value can be recovered from them.

Noise pollution

The noise generated by Cromology plants is limited. Noise levels are monitored at all industrial sites, in accordance with local legislation and OHSAS 18001 certification, and formal action plans are implemented.

All of Cromology's industrial sites have been OHSAS 18001-certified since 2015.

Land use

The land footprint of Cromology's industrial activities and their direct impact on land are not significant and do not warrant close tracking of land use.

Adaptation to the consequences of climate change

Cromology's activities are not directly impacted by the consequences of climate change. Accordingly, the company has not developed a global policy in this area.

Measures to protect and enhance biodiversity

No major, immediate impact from the industrial activities of Cromology has been identified. General efforts to reduce the use of resources and environmental impact also ultimately contribute to protecting biodiversity. Accordingly, the company has not developed an overall policy to protect biodiversity in the areas surrounding its industrial sites.

Estimate of significant sources of Greenhouse Gas Emissions (GGE)

In accordance with Decree 2016-1138 of August 19, 2016, and 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 Base Carbone database was used.

The study shows that significant sources of greenhouse gas emissions are:

- purchases of raw materials, packaging and services for 80%;
- downstream transport, from logistics centers to points of sale or directly to clients for 12%;
- upstream transport, from manufacturing facilities to logistics centers for 3%.

"Purchases" includes all greenhouse gas emissions from extraction to distribution of raw materials to the product manufacturing facilities.

Summary of environmental and social indicators

Environmental indicators	2014	2015	2016
% ISO 14001-certified industrial sites	44%	44%	47%
Waste produced *(% of production volume)*(1)	4.3%	3.7%	5.8%
Energy consumption *(terajoules)*	184.7	186.2	197.9
CO_2 emissions *(metric tons)*	3,873	3,718	4,156
NOx emissions *(metric tons)*	4.18	4.06	4.59
SOx emissions *(metric tons)*	0.27	0.35	0.87
Water consumption(m^3)(2)	157,062	158,504	155,753
Chemical Oxygen Demand (COD) *(metric tons)*	47.3	47.8	37.8
Suspended solids *(metric tons)*	26.5	25.3	26.1
Volatile Organic Compound (VOC) emissions *(metric tons)*	118.9	114.6	190.8

(1) 2016: Inclusion of wastewater at the Resana site reclassified as "Waste" because it is collected by an external service provider and treated outside the site.
(2) Water consumption does not include the water for distribution networks.

Societal initiatives

Cromology's commitment to the community focuses on two actions:

- innovating, to design and offer products and services that are increasingly respectful of the environment and its customers and users: professional painters, retail customers, independent and big box DIY distributors, architects, and public and private builders; and
- strengthening its production and operations in the communities where Cromology is growing its industrial and sales activities.

Innovating and offering products and services that are more respectful of their users and the environment

Cromology has an aggressive innovation policy: 26% of its 2016 sales were achieved with products less than three years old.

Cromology achieved its goal of reducing the volatile organic compounds (VOC) emissions of its products in ten years. Ninety percent of the paints in its product ranges are now water-based.

Cromology also adheres to a voluntary comprehensive research and development approach focused especially on respect for the environment.

Cromology thus 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. New products meeting the most demanding VOC content labels[1] (Ecolabel, TÜV) or VOC emission level[2] (A+, TÜV) represented more than 60% of 2016 sales realized for products less than three years old. In France, for example, Tollens and Zolpan launched products under the German TÜV label that limit the VOC rate to less than 1 g/l for interior paint; that is 30 times less than the content limit under European regulation, and ten times less than the content limit for the European Ecolabel.

Major innovations: Cromology is marketing an anti-formaldehyde paint that reduces indoor air pollution by absorbing major pollutants. When used on the four walls and ceiling of a room, the amount of pollutants in the indoor space can be reduced by up to 80%. In France, this paint innovation was named Innovation of the Year, all categories combined, by the home improvement chain Castorama in 2014.

Cromology is a pioneer in exterior thermal insulation (ETI), with 15 million square meters installed since 1975, and is constantly extending its range of external insulation systems (about 5% of its sales) to improve energy efficiency and comfort in buildings. For example, Cromology added the following products to its range:

- the second generation of a fire-resistant paint, involving a major change in formulation, in 2011;
- starting in 2014, colorants using "cold" pigments that can be adapted for use in ETI.

In 2016, 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 labelling changes.

(1) VOC content (g/l of paint) is the quantity of volatile organic compounds found in the paint formulation.
(2) LVOC emission (µg/m^3 of air) is the level of volatile organic compounds emitted into indoor air after the paint has been applied and dried.

Strengthening our presence in the local community

Impact on employment and regional development and on neighboring or local populations

The impact of Cromology's business activities, and the activities resulting from the use of Cromology products, are mainly local.

Through its business, Cromology contributes to the construction and renovation of housing, commercial real estate and infrastructure, the vast majority of which are local markets.

Most of Cromology's production operations are also carried out locally. In 2016, the share of Cromology revenues generated by products sold in the regions where they were produced was more than 95%.

Similarly, Cromology's policy for purchasing raw materials and packaging in Europe is to give preference to European suppliers in an effort to reduce its transport costs and have better accessibility and availability of the manufacturers.

Relations with suppliers and subcontractors

Purchases represent a significant portion of Cromology's expenses. The Purchasing department is committed to developing best practices with regards to CSR and exchanges with our suppliers on topics related to the Cromology's CSR policy –– in particular, the innovation policy for products that are more friendly to the environment and users, and management of the environmental impacts of our production activities.

Cromology's two main purchasing categories are:

- "raw materials and packaging" to manufacture and package our paints; and
- "trade products" to provide our customers in our integrated stores with tools and equipment for painters and floor and wall coverings.

Cromology initiated a quality audit process in 2015, covering raw materials and packaging suppliers. The internal report from this audit also included an assessment of the safety and environmental areas.

In September 2015, Cromology organized a "supplier's day", with more than 80 representatives from its strategic suppliers of raw materials, packaging and products for resale. This seminar allowed Cromology to solidify relationships with its strategic suppliers over time, to improve their understanding of Cromology's product innovation strategy, in particular its respect for the environment and the well-being of the users of our paints. A second seminar is scheduled for 2017.

Partnership and sponsorship initiatives

Cromology allows its teams in each country to choose their own local initiatives to sponsor. They tend to work with the associations or organizations in which Cromology employees are volunteers.

In Morocco, the Arcol subsidiary has run a program to renovate rural schools through skills volunteering and paint donations since 2015. Eighteen schools and more than 5,000 students have benefitted from this initiative and the distribution of school supplies.

The Argentinean subsidiary Colorín works with TECHO, an organization that is building more than 2,000 wooden houses to help needy families in South America.

In France, Tollens partners with Institut Imagine, the largest European research center for childhood diseases. Among other initiatives, Tollens donated half of the 13,000 liters of paint needed to embellish the new building inaugurated by the Institut in 2013.

Since 2009, Zolpan has offered more than 40 sustainable development grants to projects being supported by Zolpan employees who volunteer their personal time. The beneficiary organizations most often provide services to needy individuals, protect cultural heritage, or promote sports.

Many subsidiaries also promote culture and the arts:

- Colorin is a partner of Glaciarium, Museo Del Hielo, a museum dedicated to the understanding of glaciers and the environment;
- in Portugal, Tintas Robbialac has partnered with Museu Colecçao Berardo (Lisbon) since 2011;
- Tollens is a partner of three museums in France: Musée d'Orsay (Paris), Musée de l'Orangerie (Paris) and 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, which is the largest trompe-l'œil fresco in Europe. Zolpan also contributed to the fresco reproduction of the portrait of Paul Bocuse completed in 2015.

Preventing corruption

Cromology works to ensure that its employees follow fair business practices and comply with applicable regulations in this area.

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 presented to the Executive Committee. Each Cromology Executive Committee member, including all the CEOs of the operational companies, signed Business Conduct Guidelines that incorporate the anti-corruption charter.

In 2015 and the beginning of 2016, all Executive Committee members of Cromology's operational companies agreed in writing to implement it.

Commitment to human rights

Cromology refuses to use any child or forced labor.

The Business Conduct Guidelines also refer to the Cromology charter on compliance with laws and regulations on export control and trading with certain countries (entitled: the "Cromology Group Policy Regarding Compliance with Trade Control Law"). The CEOs of the operational companies have made a commitment to follow procedures certifying that the Cromology Group does not conduct transactions with countries subject to international sanctions. These include countries considered to violate human rights.

3.2.3 Stahl

3.2.3.1 HR - Highly committed to developing employee skills

Employment

As of December 31, 2016, Stahl had 1,851 employees (1,828 FTE1[(1)]), an increase of 61 FTEs compared to 2015. Stahl acquired Viswaat Chemicals Ltd. in India in April 2016 and Eagle Performance Products in the USA in November 2016. In 2014 Stahl acquired the Clariant Leather Services Business.

Breakdown of full-time equivalent employees as of December 31, 2016 by geographic region

Region	2016	2015	2014
EMEA	860	835	811
Asia-Pacific	355	347	339
India and Pakistan	307	287	278
North and South America	306	298	312
TOTAL	**1,828[(1)]**	**1,767**	**1740**

(1) Including Viswaat Chemicals Ltd and Eagle Performance Products.

85% of Stahl's employees are on full-time permanent contracts. Its workforce is 78% male and 22% female, a breakdown unchanged from 2015. Total Full Time Employees (FTE) leaving (dismissals and resignations) during 2016 were 145, and 245 joined in the same period. These ratios are reasonable and in line with the market for the kind of activities and the location in which they take place. The turnover rate in 2016 was 10.6%.

Working Organization

Stahl operates through a complex international organization for historical reasons and also to effectively serve the customer base. Currently it has 11 manufacturing sites, 11 R&D centers, 38 application labs and 31 sales offices. Working practices differ by region. Average working hours are 40 hours per week, with the exception of India and Pakistan where employees work 44 hours. 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, commuting and work accidents) as required by local legislation but also in a way that can be reported at the corporate level. The global absentee rate in 2016 was 1.58%, compared to 1.77% in 2015.

Social Relations

Given the international set-up of Stahl and the relatively small dimension of the local units, there are only two local collective bargaining agreements in place. These are negotiated at the local level with direction and supervision from Headquarters. Salary levels and other means of remuneration depend on individual countries. They are also centrally coordinated, to ensure Stahl remains competitive in the respective markets. Some employees, mainly in management and sales, enjoy a bonus scheme based on annual measurable objectives. This bonus scheme is coordinated centrally to ensure proper alignment and consistency with local practices.

Compensation

Total compensation paid in 2016 was €103 million, approximately 2% above 2015.

Training

The nature of Stahl's business requires a focused approach to training. SHE (Safety, Health and Environment) training is the priority. Every new Stahl employee receives SHE instruction 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, for example, there is a strong emphasis on training designed to provide practical and innovative technical solutions for customers.

Since 2013, Stahl has offered an international training program intended for management personal related to leadership and management skills. More than 120 middle managers participated in this program between 2013 and 2016. Stahl launched this program to support its rapid expansion after the acquisition of the Clariant Leather Services division in 2014. From November 2016 to January 2018 another 60 managers will participate in the program. Follow-up master classes are also planned for 2017-2019.

In 2014 Stahl created Stahl Campus®, an educational institute originally designed to promote good practices throughout the leather supply chain *via* practical and theoretical modular training courses. Founded in Waalwijk (Netherlands), the Stahl Campus® has expanded to Leon (Mexico) and, in 2016, Guangzhou (China). Stahl Campus® training is a service that the company offers to the industry, and is open to any stakeholder in the supply chain, such as OEMs, brands, customers, NGOs, industry associations and university students. This initiative has proven to be a big success and is a key element of Stahl's goal to promote transparency throughout the supply chain. In 2017 Stahl Campus® will expand to include the Performance Coatings division of Stahl, the first step in offering this unique service outside the leather industry.

Equality

Stahl is and remains an equal opportunity employer in all locations worldwide: this is a public statement. Stahl's website clearly mentions this.

Stahl tracks the ratio of male/female employees and the percentage of female employees in management positions. In 2016, there were 73 women in management positions, which represent a ratio of 3.9% on total positions, compared to 3.8% in 2015.

The nature of Stahl's business and the need to respect strict security and potentially emergency measures somewhat limit the opportunities for disabled employees. There are currently 16 disabled employees, compared to 19 in 2015.

3.2.3.2 Safety, Health and Environment

Stahl believes that consideration of the impact of its business activities on the Safety, Health and Environment of its customers, employees, agents and the public at large is an integral and essential part of conducting business.

Stahl's SHE policy is to manage all activities without hurting anyone, annoying its neighbors or harming the environment. Driving this policy are the following key principles:

- safety, health and the environment have first priority;
- obey all laws and be a responsible corporate citizen;
- identify hazards and establish appropriate controls for risks, potential adverse environmental impact and regulatory requirements in the invention, manufacture, sale and use of its products;
- provide customer care with all products throughout the supply chain;
- the goal is to eliminate all injuries, occupational illnesses and environmental incidents;
- report and investigate all incidents, then take corrective action and share learning;
- assure that employees and agents have appropriate competence for their roles;
- define SHE requirements in simple, clear terms, communicate them to all employees and secure their involvement;
- report, monitor and audit all aspects of SHE performance to confirm compliance and plan continual improvement;
- celebrate and reward excellence in SHE performance;
- require all employees to accept personal responsibility for their own safety and health and that of their colleagues.

Stahl's SHE organization & reporting

All Local Managers and General Managers are responsible for implementing the Stahl SHE Policy and Principles in areas under their control. This responsibility includes systems for the recognition of hazards, assessment of risks and provision of effective controls. For outpost sites such as application laboratories, technical service centers and warehouse operations the Local Manager or General Manager of the controlling site may delegate this responsibility to the manager at the outpost site. This SHE reporting procedure has been substantially revised; data is being collected and presented in a format that simplifies information collection and interpretation.

Stahl's SHE Campaign: Be Sure, It's Secure!

In 2015 Stahl rolled out an ambitious, two-year worldwide safety awareness campaign with the goal of reducing the number of incidents within the company. This campaign continued in 2016 and consists of 12 eight-week campaign themes linked to the 10 Golden Rules of safety.

SHE campaign themes:

1. Behavior
2. Cooperation
3. Housekeeping
4. Safety first: think before you act
5. Personal Protective Equipment
6. Near accidents
7. Dangerous materials
8. Personal involvement
9. Risk Control
10. Alert driving
11. Ergonomics
12. Tools & materials

10 Golden Safety Rules

1. I do not bring myself or my colleagues into serious hazardous situations through my behavior.
2. I know the Stahl SHE guidelines and I act according to them.
3. I follow the procedures for safe work permits and high risk work permits, such as entering confined spaces etc.
4. I only open electrical cabinets if I am authorized by a valid certificate. I always close the cabinet when I leave it.
5. I always use the required PPE, indicated on the safety data sheet, when I am handling chemicals.
6. I only operate the vehicles for which I have a certificate.
7. I always drive the FLT safely. I stop the FLT immediately in case of any defect and report the problem.
8. I never block emergency exits, showers, fire extinguishers or other safety equipment.
9. I only use proper tools designed for the specific task (a knife is for cutting and is not a screwdriver; special gloves are used for cleaning sharp edges, etc.).
10. I only operate machines/equipment which I am trained for. I know what to do otherwise I do not do it.

The campaign takes the form of posters and e-mail campaigns which are distributed throughout all sites. It also emphasizes the acceptance by every company employee of responsibility for safety awareness and behavior. Given Stahl's expansion in recent years, we consider this SHE campaign a critical part of our strategy for sustainable growth.

It is still too early to draw conclusions about the success of the campaign, but Stahl is convinced that more awareness will lead to fewer incidents.

Safety Performance Indicators(1)

To ensure continued improvement in the evaluation and prevention of risks, Stahl tracks indicators of progress on safety. The following table is an extract:

	2016	2015	2014	2013
Frequency rate of accidents with lost work time*	0.08	0.16	0.15	0.08
Severity rate of accidents**	0.45	3.80	5.55	0.97

* *Frequency rate is calculated as follows: (number of reported accidents with lost days higher than one day x 100,000)/(number of worked hours).*
** *Severity rate is calculated as follows: (number of lost days x 100,000)/(number of worked hours).*

Environmental Performance Indicators(2)

Stahl is continuously upgrading its production sites and laboratory facilities in order to achieve efficiencies and reduce our environmental footprint. The measurement and publication of its environmental KPIs is an essential part of the company's goal to promote transparency throughout the supply chain.

CO_2 emissions

Stahl recognizes that climate change represents a potentially irreversible threat to human society and that reductions in global CO_2 emissions will be required in order to meet the targets agreed at the historic Paris Climate Conference in December 2015. As a result, in 2016 Stahl established a global CO_2 emissions reduction target of 10% by 2020 (*i.e.* Scopes 1 and 2 emissions + business travel, using 2015 emissions as a baseline). This target will be measured annually on a like-for-like basis, as well as on a per tons produced basis.

Carbon dioxide is the main component of Stahl's Greenhouse Gas emissions. Some progress was already made on CO_2 emissions in 2016 and new initiatives are being implemented that are aimed at achieving the 2020 target.

(1) All Stahl employees are taken into account for safety performance indicators.
(2) Note: the scope of the environmental performance indicators is that of the Stahl manufacturing sites. The applications and testing labs do not provide sufficient data to be included in these performance indicators.

Carbon Footprint

	2016	2015(1)
Scope 1: direct GHG emissions* (metric tons CO_2 -eq.)	14,391	14,871
Scope 2: indirect GHG emission from electricity sources** (metric tons CO_2 -eq.)	17,701	17,823
Scope 3: other indirect emission sources*** (metric tons CO_2 -eq.)	3,335	3,605
TOTAL METRIC TONS CO_2 -EQ	**35,426**	**36,299**

(1) Corrected data to compare like-for-like with 2016 based on an error in the Parets data from 2015 and a change in company car policy in Stahl Germany.

* *Scope 1: Direct GHG emissions are from sources that are owned or operationally controlled by the company--company owned or leased cars, other company vehicles, gas and oil used on site.*

** *Scope 2: Indirect emission from electricity sources are from consumption of energy (in the form of electricity, steam, heat and cooling) purchased from the grid or district heating or cooling systems.*

*** *Scope 3: Other Indirect Emission Sources which occur due to company activity but are not sources owned or controlled by the company; emissions from transport, business travel.*

CO2 reduction projects 2016

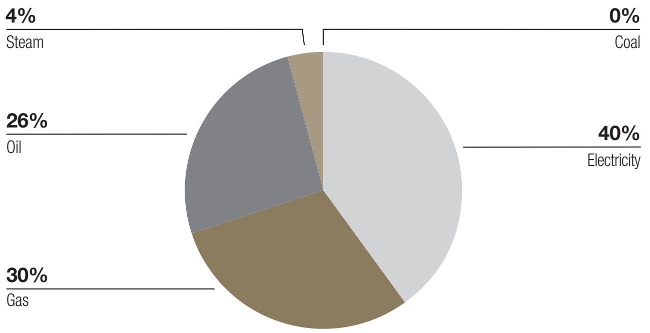
- In 2016 Stahl Germany (Leinfelden) received ISO 50001 certification. This certification requires a continuous improvement philosophy with regard to energy use, the fulfilment of legal requirements such as the European Energy Efficiency Directive, and the proper management of energy contracts with suppliers. The main benefit of this significant achievement is energy savings, which in turn leads to reduced CO_2 emissions.
- Long term capital expenditure proposals related to using renewable power sources at our manufacturing sites have been drafted.
- Incentives for using more fuel efficient company vehicles are being applied in selected cases.
- A campaign was launched in 2016 to provide practical advice on how to save CO_2 in offices and plants.

Energy consumption

	2016 (1)	2015(1)
Energy *(TJ)*	294.81	281.51
Total production volume	207,923	195,646
Energy *(TJ)* per production volume	0.001417	0.001438

(1) Corrected data to compare like-for-like with 2016.

Energy source



Energy projects 2016

- In Stahl Europe, Waalwijk, polyols are stored in a heated room in order to use them in their liquid state. The heating system in this unit was changed from electrical to steam during 2016 and new insulation was installed, which resulted in annual savings of 530,000 kWh of electricity.
- In India a new energy efficient pump system was installed in January 2016 to cater to the entire plant requirements. This pump delivers 300 m^3/Hr and represents savings of around 18 kW/hour resulting in annual savings of 82,500 KW/hr.
- A campaign was launched in 2016 to provide practical advice on how to save energy in offices and plants. Stahl China (Suzhou) and Stahl USA (Peabody) have switched to LED lighting in their sites.

Water consumption

	2016	2015
Water consumption *(m^3)**	355,041	320,072
Other water use *(m^3)***	506,056	491,021
TOTAL WATER USED *(M^3)*	**861,097**	**811,093**

Energy projects 2016

- In Stahl Italy (Palazzolo), due to the specific manufacturing processes which are particular to that site, a significant amount of water is required to cool certain vessels. This water is taken from the municipal water source and is returned to that source unchanged. This water 'use' is separated from water 'consumption' in our KPI since it can be returned to the source in its original state.
- Stahl's policy is to continue to grow its water-based product portfolio and replace solvent-based alternatives used in the marketplace. This is expected to result in an increase in water consumption in the coming years and a reduction in organic solvent purchases at the same time. Solvents currently occupy 18% of Stahl's raw material purchases by volume (measured as a % of total raw materials purchased in kgs).

Waste management

	2016	2015
Hazardous Waste (*(tonnes)*	7,050	6,570
Non-Hazardous Waste *(tonnes)*	1,476	1,276
TOTAL WASTE *(TONNES)*	**8,526**	**7,846**

	2016	2015
Waste water sent to external treatment *(tonnes)**	15,038	15,815

* *This indicator only represents the Waalwijk and Toluca sites. The other 9 sites have an on-site waste water treatment installation.*

Waste projects 2016

- The small increase in waste is linked to the increase in volumes produced by Stahl in 2016 vs. 2015. In terms of waste generated per ton produced, the 2016 value is lower than 2015.
- Project 'Frankenstein' is the name given to the activity in Stahl which recovers out-of-specification materials for re-work, then re-introduces them to the market in the form of newly developed and fully tested products with equivalent performance. In 2016 this activity resulted in the saving, and subsequent commercialization, of 350 tons of material that would have been disposed of without the re-work intervention.

Innovative solutions to reduce environmental impact

With nine R&D centers around the world, employing 90 technical staff, most of Stahl's product research is linked to providing sustainable solutions that reduce environmental impact. This can be either by using renewable/bio-based raw materials in our own products or by designing products which will reduce the consumption of energy, water or chemicals for its customers. For example, it is now an internal requirement that all new products developed by Stahl's research team must have an environmental benefit associated with them.

Stahl products designed to reduce the environmental footprint

- Double-digit growth in sales of the STAHL EVO products for synthetic materials and the successful global introduction of the parallel Stahl NEO leather finish portfolio were important commercial highlights in 2016. These two product ranges are fully compliant with the Manufactured Restricted Substance List (MRSL) launched in 2016 by the ZDHC Foundation, which is dedicated to eliminating all hazardous substances from the supply chain by 2020.
- Other significant milestones in 2016: The strong market reception for the Easy White Tan™ and Proviera® - Probiotics for Leather™ products, which are contributing to significant improvement in the environmental footprint of the leather manufacturing process, a fact that has been proven and recognized by several key players in the industry. Stahl expects significant growth in the coming years for these products.
- Stahl launched Catalix® 150 and Catalix® GSX liquid in 2016, an innovative polymer solution for lower impact leather processing. The inclusion of these products in leather retanning formulations results in significant reductions in pollution levels of water effluent, thanks to their unique cationic polymer backbone.
- The policy of promoting natural and renewable resources as raw materials has driven innovation in bio-based polyurethane research. Green Polymatte was launched in 2015 and was successfully commercialized in 2016. Stahl expects that by the end of 2017, a range of bio-based products will be available commercially for launch.
- The use of water-based polycarbodiimide crosslinkers in coatings is growing, in large part thanks to Stahl's patented technology in the field. These products are easier to handle than traditional crosslinkers and their outstanding overall performance is described in a white paper published by Stahl Polymers in 2016. These innovative carbodiimide crosslinkers are an excellent building block for the design of environmentally-friendly coatings systems.

3.2.3.3 People & Society

Stahl has an active Code of Conduct which was implemented with business partners in 2015 and extended to its suppliers in 2016. This Code of Conduct ensures that human rights and the environment are respected by those parties with whom it does business. Related to this, a whistleblower policy is in place with clear rules that allow employees to report suspicious behavior that could be in conflict with the Code of Conduct, with the necessary protection guarantee for the whistleblower in question. There were no incidents of corruption reported during 2016.

Trusted Partnerships

Stahl's goal is to achieve a more transparent and sustainable supply chain in the industries where it is active. By stimulating cooperation in the supply chain, *via* close collaboration with the company's partners, sustainability evolves as a positive consequence. Sustainability as a result of initiating transparency; that is Stahl's mission.

- *Zero Discharge of Hazardous Chemicals (ZDHC):* in October 2016 Stahl joined the ZDHC Foundation with a commitment to this goal by 2020. Stahl is the first chemical company from the leather and synthetics industry to become a member.
- External assessment of Sustainability Performance: In 2016 Stahl received Higg Index scores for its four European manufacturing sites of 77 (The Netherlands), 88 (Germany), 80 (Italy) and 83 (Spain) out of 100. The Higg Index is a self-assessment tool from the Sustainable Apparel Coalition which promotes transparency in the supply chain.
- Expansion of Stahl Campus®: Stahl Campus®, the global knowledge center established in 2014 in Waalwijk (Netherlands), and in León (Mexico) in November 2015, was expanded again in September 2016 to Guangzhou (China). The goal of Stahl Campus® is to promote good practices and transparency in the supply chain. Stahl invites customers, suppliers, educational institutes, OEMs, brands, and more, to come to its specialized laboratories and strengthen their knowledge through training. Stahl Campus® is a key aspect of the implementation of Stahl's sustainability strategy.

Stahl is also involved in non-profit activities in emerging countries.

- UN Global Compact: Stahl is committed to the guiding principles of the 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, labor, environment and anti-corruption.
- UNIDO: the mission of the United Nations Industrial Development Organization (UNIDO) is to promote and accelerate inclusive and sustainable industrial development (ISID) in developing countries and economies in transition. 2016 marked the successful launch of UNIDOs e-learning courses designed to promote good practices and responsible chemical management in leather tanneries, a significant achievement and one which Stahl fully supports.
- Stahl's sustainability roadshows were held in four different cities in India in late 2016, in which Stahl, UNIDO and the Chennai-based CLRI (Central Leather Research Institute) gave seminars about clean technology initiatives in the Indian leather clusters.
- PUM is a Dutch non-profit organization that links small and mid-sized companies in developing countries to experienced professional experts in order to improve sustainability and combat poverty. Stahl and PUM work together on projects for the leather sector. This partnership involves Stahl experts traveling to the country in question with PUM country staff and visiting tanneries that require the technical skills and service that only Stahl technicians can offer. The company expects to participate in one to five projects per year.
- Collaboration with universities: in 2016 Stahl initiated research projects related to water technology with the University of Wageningen (Netherlands) and the University of Stuttgart (Germany). The company recognizes that effective water management will be a critical factor in achieving a more sustainable leather industry and expertise in water technology will be required. To this end, Stahl is collaborating with over 30 different colleges and universities around the world, on a wide range of topics. The company is actively promoting collaboration with higher education institutions in order to secure talent for the future and to maintain its leadership position in technology and sustainability.
- 17 sustainable development goals (SDG): Stahl's sustainability-related activities are being aligned with the 17 SDGs announced by the UN Global Compact in 2015. The following examples illustrate where these initiatives fit with some of these SDGs.
  - Poverty: aside from local community philanthropy, Stahl is involved in wider industrial development in emerging regions with NGOs and local authorities.
  - Pharma: Stahl has committed to initiatives that will eliminate restricted substances from the supply chain, like the Zero Discharge of Hazardous Chemicals foundation.
  - Education: Stahl Campus® is a training institute designed to promote good practices throughout the supply chain. Stahl also supports initiatives to promote the safe handling of chemicals and conducts seminars on this topic in emerging regions.

- Gender Equality: Stahl aims to be an equal opportunity employer.
- Clean water and wastewater treatment: water technology is a growing area for Stahl and it is collaborating with leading universities on improving water effluent quality. The company has also introduced effluent pollution-reducing technologies like Proviera® - Probiotics for Leather™, STAHL EVO, Catalix®, EasyWhite Tan®.
- Renewable Energy and Climate Action: Stahl's goal is a 10% reduction in CO_2 emissions by 2020 (in line with the 2015 Paris Climate Agreement) and this implies the adoption of renewable energy sources and raw materials.
- Employment and economic growth: Stahl's commitment to sustainable industrial development includes cooperation with UNIDO, PUM and other NGOs.
- Reducing inequalities: Code of Conduct implemented in 2015.
- Aquatic life: water technology is a growing area for Stahl and it is collaborating with leading universities on improving water effluent quality. The company has also introduced effluent pollution-reducing technologies like Proviera® - Probiotics for Leather™, STAHL EVO, Catalix®, EasyWhite Tan®.

3.2.3.4 Reporting methodology for Stahl

Reporting scope

Unless otherwise indicated, HR data are reported for all Stahl entities worldwide including Viswaat Chemicals Ltd and Eagle Performance Products. The environmental performance indicators relate to Stahl's 11 manufacturing sites.

Methodological limitations and uncertainties

The reporting methods for certain indicators may have certain limitations due to the pragmatic considerations of collecting and consolidating the relevant data.

The definitions and reporting methods used for the following indicators are described below.

Social indicators

Total workforce

The total workforce is the number of employees with a permanent or fixed-term contract with Stahl on the last calendar day of the month. The data are reported in terms of physical persons and full-time equivalents.

Hires & departures

Fixed-term contracts made permanent are counted as hires and departures. The data are reported in full-time equivalents.

Total hours of training

Tours of training are not included in this report. Although this indicator is tracked locally by each entity, it is not consolidated at the group level.

Safety indicators

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 that occur over a 12-month period, per 100,000 hours worked. Accidents while commuting between home and work are not included in this indicator.

Environmental indicators

Carbon Footprint

The carbon footprint is calculated according to three scopes of emissions.

- Direct 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).
- Electricity Indirect Emission Sources are related to energy (in the form of electricity, steam, heat and cooling) purchased from the grid or district heating or cooling systems (Scope 2).
- Other indirect emissions (Scope 3): Article 173 of the French Law for Energy Transition and Green Growth decreed in August 2016 that companies shall disclose information on significant emission sources, including upstream and downstream activities in the value chain. The international framework chosen by Stahl to determine which emission sources are significant is the GHG Protocol, that defines 15 scope "sources", for example, purchased goods and services, upstream/downstream transportation, the use and end of life of sold products, employees commuting, etc. Based on benchmarking analysis, Stahl has estimated that purchased goods and services (source 1) is the most significant for the company, and it is investigating sources 2-15 to determine their order of magnitude in order to publish the list of significant emissions sources in 2017 and to identify the risks and opportunities with respect to its CO_2 strategy.

The carbon footprint is reported every year.

Energy
Water consumption includes all water sources consumed by the 11 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.

Water
Water consumption includes all water sources consumed by the 11 Stahl production sites around the world. The figures do not include water consumed in offices and laboratories that are not geographically connected to one of the production sites.

The "Other water consumed" indicator is related to the Palazzolo site in Italy, where water is used 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 11 Stahl production sites around the world. The figures do not include waste generated in 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. The other nine Stahl production 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 company-level consolidation is performed.

The social data relating to the workforce are compared against the consolidated data in the company's finance database for consistency.

3.2.4 Mecatherm

3.2.4.1 Ambitious goals for continuous improvement

Mecatherm is committed to continually raising the bar in terms of continuous improvement. All companies in the group strive to design equipment that integrates high standards, particularly in four areas:

- food safety;
- personal security;
- equipment preservation;
- environmental protection.

Given Mecatherm's growth over the past several years and the expected future growth, as well as the challenges of adapting to accommodate this growth, the company needed to make some changes to its operational organization.

In 2015, Mecatherm totally reorganized its operations, particularly so as to reallocate resources, make the company more competitive and help it adapt to new demands from its clients and the market. This reorganization was also made to optimally integrate the external growth expected in the future.

As such, after observing how the company actually functioned, operations management decided to split the company's activities by product type, into two business segments:

- the "Crusty" segment for all activities related to baguettes, ciabatta, kaiser, etc.;
- the "Soft and pastry" segment for sandwich bread, buns, croissants and pastries, etc.

These two segments include autonomous "pre-project", "project" and "assembly-product line start-up" teams.

At the same time, Production Units (PU) were established in an optimized "cost-quality-time" arrangement, in relation to the different machines and functions of the group's product lines, as follows:

- "Front line" PU;
- "Ovens" PU;
- "Mechanized systems" PU (conveyers, accessories, etc.).

The Research and Development (R&D) department and "service" are not affected by the segments and the PUs since they are considered to be autonomous services outside of the operational organization described above.

This project began in February 2015 and was completed at the end of the summer.

The implementation of this new organization required changes in positions and functions for certain personnel, changes in function for others and in hiring.

The organization established in 2015 was strengthened by integrating resources devoted to the continuous improvement and implementation of structured processes in the production units and segments.

A Purchasing department composed of eight people was also created to optimize sourcing and the cost structure.

The Human Resources department was reorganized around specialized areas and started the use of HR processes to support operational activities (Recruitment, Onboarding, Advancement, Training, Evaluation) within the scope of the BEEP (well-being, efficiency and performance) project.

Lastly, safety, Mecatherm's number one priority, is supported by a newly-created Health Safety Environment (HSE) department, and by two Safety managers, one dedicated to personal safety and the other to equipment safety.

In line with this new organization of operations, and to better promote the group's product range, the group decided to clarify the trade names of the group's companies in 2015.

The two segments will be Mecatherm CrustyBread (site located in the Bas Rhin *département*, France) and Mecatherm Soft&Pastry (site located in the Maine-et-Loire *département*, France).

Each site continues to pursue its own projects and objectives, and takes orders related to the goals of the segment and the company's development.

Finally, in 2015, the "Ovens" PU (in the Bas Rhin *département*) was the first company location to experiment with implementation of the *Lean* program. The *Lean* program was gradually implemented in other production units during 2016, and this will continue in 2017.

3.2.4.2 Reporting methodology

Scope and methods of consolidation

To produce the key indicators selected for this report, data were taken from all entities consolidated in the financial statements of the Mecatherm Group: TMG SAS, Mecatherm SA and Gouet SAS.

A specific calculation method has been defined for each indicator. Data are collected using report files validated by the group, mainly generated by the payroll and time management systems.

Responsibilities and verifications

Mecatherm's Human Resources department is in charge of producing social, societal, safety and environmental data.

Additional information about reported indicators

The definitions and reporting methods used for the following indicators are described below.

Safety indicators

The lost-time injury frequency rate is the number of accidents involving the loss of one or more days of working time that occur over a 12-month period, per million hours worked.

Accidents while commuting between home and work are not included in this indicator.

Social Indicators

Total workforce

The total workforce is the number of employees with a permanent or fixed-term contract with the Mecatherm Group on the last calendar day of the month.

Hires & departures

Fixed-term contracts made permanent are not counted as either hires or departures.

Compensation

All compensation takes into account salaries, payroll taxes and leaves.

Absentee rate

The ratio of the number of hours of absence[(1)] to the number of hours theoretically worked.

3.2.4.3 Social data

Mecatherm's three locations are in France: Mecatherm SA in Alsace (Barembach), Gouet SAS in the Loire valley (Montilliers) and TMG in Île-de-France (Paris).

The Normandy site (Saint-Rémy-Boscrocourt) was closed in 2015. This closure led to a number of variations in environmental data.

As of December 31, 2016, Mecatherm had 459 employees, compared with 409 as of December 31, 2015. The majority of employment contracts were full-time, permanent contracts. Fixed-term contracts represented 8% of the total in 2016, a slight increase from 2015. The group plans to maintain the percentage of fixed-term contracts between 10% and 15%. The group's total workforce was composed of 22% managers and 78% non-managers. Women made up 12.2% of the workforce, an increase over 2015. Employees with disabilities represented 1.95% of the workforce.

(1) The absentee rate is calculated by dividing the number of days of absence (both paid and taken) by the number of work days originally expected. Days of absence include: illness, work accidents, commuting accidents, occupational illnesses and unjustified illness. Days of absence do not include: maternity, paternity, adoption or parental leave, authorized and paid leave (family events, notice periods not worked, etc.), unpaid leave, sabbatical, business start-up leave, training, annual vacation, days to compensate for overtime and holidays.

In 2016, the group's turnover rate was virtually stable at 28.1%. This rate was due to:

- the large increase in the number of new hires in the company related to the group's increased business activity (12% increase in workforce), between 2015 and 2016;
- the large number of new hires followed by departures related to the difficulty of integrating so many new employees in a short time frame without a clearly defined onboarding process;
- as well as departures related to a compensation level below the local market (heavily industrialized labor pool, with a low unemployment rate at around 5%) for sectors with labor shortages that required replacements (mobile installers, automation experts, etc.).

During the fourth quarter of 2016, the Human Resources department tested and validated an onboarding and training process for new employees, on "pilot" recruits, to retain new hires. This HR process was finalized and will be implemented during the second quarter of 2017 by all of the company's managers.

Also, in the fourth quarter of 2016, measures were taken to upgrade salaries in sectors with labor shortages, to limit the departure risk of the relevant employees.

There were three dismissals. The absentee rate in 2016 was 2.4%, lower than in 2015.

	2016	2015	2014	2013
Total workforce as of December 31	459	409	351	304
Average staff numbers	454	421	358	322
Absentee rate	2.4	2.7	2.8	2.8

Compensation

Total compensation paid in respect of 2016 was €23,718 thousand. The increase in 2016 was due to a 0.2% cost-of-living increase plus individual increases. The compensation structure for sectors with labor shortages (mobile installers and automation experts) was significantly increased to facilitate recruitment and reduce turnover risk. Furthermore, all employees (except at TMG) benefit from profit sharing at their company in accordance with legal requirements.

Payroll was also impacted by the significant increase in the company's workforce.

Organization of working time

The workweek is 37 hours long for non-management employees (excluding traveling staff and supervisory-level staff), organized on a monthly basis into three weeks of 39 hours and one week of 31 hours (one 8-hour day off during the 31-hour week). For management-level employees, non-management traveling staff and supervisory-level staff, working time is measured on the basis of 218 days per year. 0.67% of all employees work part-time for medical or childcare reasons.

Social Relations

Labor-management dialogue is mainly conducted through employee representative bodies at individual sites.

The Montilliers site has a single employee representative body; health and safety issues are handled by the CHSCT.

At the Barembach site, employees have a works council and a CHSCT.

Mecatherm applies industry agreements, and all of its employees benefit from the sector's collective bargaining agreement.

Training

In 2016, 64.3% of employees participated in training, for a total of 8,041 hours of training. Mecatherm intends to maintain its goal to have at least one of every two employees take part in training.

Training is scheduled and tracked by the internal Human Resources departments. The training programs delivered on a yearly basis mainly cover technical skills, safety (such as driving forklifts, electrical qualifications or emergency first aid at work) and language skills. Refresher training courses are also organized annually.

During 2016, a four-day management training program was provided for all company managers under the well-being, efficiency and performance (BEEP) project, representing 30% of training hours.

Non-discrimination

Mecatherm is committed to maintaining a steady proportion of employees with disabilities in its workforce. Job applicants with disabilities are encouraged to apply for open positions and workstations are adapted as necessary. In 2016, 1.95% of its employees were recognized as having a disability.

In addition, Mecatherm reaffirmed its commitment to workplace gender equality by signing a new action plan with employee representative bodies.

Furthermore, an age management policy was adopted following consultation with personnel representatives to create an action plan regarding the "generation contract" (a French system to encourage employers to keep experienced senior employees who can transfer their knowledge to newly-hired young workers). This three-year action plan aims to set out concrete actions to encourage the sustainable integration of young people into the workforce by their access to permanent contracts; encourage hiring older workers and keeping them employed; and ensure the transfer of know-how and skills.

Health and Safety

Mecatherm continues to make employee safety one of its highest priorities and strictly applies all relevant laws and regulations. A risk assessment and management document is kept up to date for each company. Mecatherm has implemented systems to analyze and, if applicable, prevent a wide range of risks. These include health risks (noise-induced and musculoskeletal disorders), chemical risks, psychosocial risks, travel risks and working-at-height risks. New initiatives are introduced each year with the collaboration of the Health, Safety and Working Conditions Committee (CHSCT), the state health insurance organization (CRAM), and the occupational health administration.

Mecatherm has a separate Health, Safety & Environment (HSE) department and has devoted specific resources aimed at strengthening and supporting the prevention of risks and the improvement of working conditions.

In addition, the company has worked closely with the CHSCT in analyzing factors associated with stressful working conditions. Although not subject to stress, the HSE department carried out an in-depth analysis to evaluate exposure to load-handling and stressful postures. The study of critical work phases by Homogeneous Exposure Group for each activity will allow the highest safety risks to be identified, and inform the action plan resulting from the existing uniform assessment of occupational risks document (DUERP).

The lost-time injury frequency rate was 9.00 and the severity rate was 0.30.

3.2.4.4 Environmental data

Water and energy consumption

The activities carried out at the sites, mainly involving the design and assembly of machines and production lines, have little impact on the environment.

Efforts already begun in 2014 to increase the energy efficiency of the Mecatherm Group's own facilities and equipment were continued in 2015 and 2016. As a result, energy savings were achieved in 2016. These energy savings chiefly resulted from employee awareness campaigns, for example on environmental protection.

Mecatherm tracks water and energy consumption on its three sites. The following table presents the indicators Mecatherm tracks:

Indicators	2016	2015	2014	2013
Direct energy (gas)[(1)] *(MWh)*	4,674	4,341	3,075	4,686
Indirect energy (electricity) *(MWh)*	1,438	1,503	1,412	1,380
Water *(m^3)*	2,039	2,724	3,006	1,957

(1) HHV.

Other energy consumption reached the following levels in 2016:

- propane consumption: 87,278 kWh;
- diesel fuel consumption: 140,747 L.

Waste management

As part of its waste management, Mecatherm inventories waste produced on its sites, as presented in the following table:

Type of waste *(in metric tons produced)*	2016	2015	2014	2013
Ordinary industrial waste and paper[1]	45	119	98.56	85.18
Wood[1]	103	60.32	52.79	49.92
Stainless and other steels[1]	118.73	52.37	75.42	81.39
Fermentables (bread, dough, flour)[2]	54.15	58.80	97	11.05
Hazardous (electronic, electric)	-	1.94	1.07	-

(1) The amount of ordinary industrial, wood and steel waste produced is dependent on business volume.
(2) Fermentable waste production is related to the type and number of demonstrations performed during the year.

All waste is collected, recycled, disposed of and/or reused by waste treatment companies.

Optimizing the use of raw materials

Due to the nature of its business, optimizing the use of raw materials is not a significant challenge for Mecatherm. However, the company strives to efficiently manage its paper consumption, mainly by educating its employees through memos and signs, and configuring IT systems to prevent waste.

To support its efforts to manage paper consumption, Mecatherm tracks this indicator, as presented in the following table:

Consumption *(in metric tons)*	2016	2015	2014	2013
Paper	8.4	8.9	9.7	10.3

Mecatherm implemented a paper recycling system at the end of 2015.

Climate change

The group's activities are not directly impacted by the consequences of climate change.

Biodiversity

No impact on biodiversity from Mecatherm's industrial activities has been identified.

Greenhouse Gas Emissions (GGE)

In 2016, the TMG subsidiary carried out an assessment of all its indirect emissions sources, as defined in the GHG Protocol for its activities.

TMG considers the following indirect GHG emissions (Scope 3) to be significant:

- emissions related to the use of products sold;
- emissions related to the purchase of products used in industrial processes (steel, aluminum, copper, zinc, plastics, electronics components, chemical products, etc.).

Indirect emissions from the 13 other emissions sources defined in the GHG Protocol were not considered to significant for Mecatherm.

In 2017, the assessments carried out will be refined *via* more precise calculations.

3.2.4.5 Societal data

Promoting employment and regional development

Mecatherm has not manufactured any parts for about 15 years; this activity is subcontracted to highly specialized companies who apply detailed specifications. Mecatherm's workshops are therefore devoted to fitting and assembling parts and sub-assemblies manufactured by the subcontractors, many of which are local.

In 2016, 32.25% of the company's purchases were made from local suppliers (Bas-Rhin *département* for the Mecatherm site; Maine et Loire and Vendée *départements* for the Gouet site).

By partnering with subcontractors, Mecatherm has more flexibility for handling peaks and troughs in business volume and contributes indirectly but significantly to local employment. As a result, purchases of parts and subcontracted parts created 159 indirect jobs with the company's 33 principal suppliers in 2016.

Maintaining a dialogue with the community

Mecatherm continues to be proactive in the fields of education and training. Factory visits are organized on a regular basis to introduce younger generations to careers in manufacturing. Many events are also held in secondary schools, where Mecatherm can dialogue directly with students as they consider their career options, as well as in higher education institutions that transmit industry-specific knowledge and know-how. Mecatherm hires apprentices and interns on a regular basis, with the aim to create a bridge between classroom learning and the skills needed in the employment market.

The group also frequently works with regional employment organizations and has strengthened its collaboration with the government employment office and the chambers of commerce and industry.

In addition, Mecatherm continues to place a great deal of importance on relations with local communities and strives to boost its visibility and communications, in particular through the local media.

Finally, Mecatherm maintains close relationships with other regional and local stakeholders, for example by taking local business owners on factory tours and meeting with government agencies such as the local emergency services. For example, a study was conducted with the community of municipalities and the University of Strasbourg, where geography students studied the home-to-company commute of Mecatherm employees, as well as modes of transport available within the Alsace region. The purpose was to propose action plans to limit the environmental impacts and the impacts related to the use of the area.

Subcontractors and suppliers

Since Mecatherm ceased to directly produce parts many years ago, all manufacturing of parts for machines to be delivered to customers is subcontracted to highly specialized companies who apply detailed specifications. Mecatherm's workshops are therefore devoted to fitting and assembling parts and sub-assemblies manufactured by the subcontractors, many of which are local.

Total purchases (parts and subcontracting) for Mecatherm exceeded €44.7 million in 2016.

The principal categories of purchases are: manufactured parts, sheet metal, mechanized welding and machining 50%; electrical panels and components 13%; and transmission systems and kinematics nearly 10%. Each of the company's sites demonstrates its local commitment by purchasing more than half of manufactured parts from suppliers in its *département*, or the surrounding areas.

Suppliers are carefully selected and audited for industrial performance, employee working conditions, and respect for environmental standards.

Mecatherm does not handle the shipping of equipment sold to customers, which is entrusted to outside providers. However, Mecatherm teams do assemble and install production lines at its customers' sites.

Fair business practices

Ensuring consumer safety

Mecatherm applies industry standards to its equipment. After accepting the equipment, the customer is solely responsible for compliance with applicable food production standards. Nevertheless, if solicited, Mecatherm helps its customers implement measures to protect the health and safety of consumers. Assistance may be provided, for example, regarding the use of specific types of materials used by the food industry or the purchase of detectors (*e.g.* metal detectors) to be installed on production lines.

Food safety is a core element in the development of an industrial bakery.

All equipment that could be in direct or indirect contact with food is certified. Foreign substance detection systems are installed at the end of the production line. The automatic methods used by Mecatherm limit or totally eliminate all manual contact with food. Some customers, particularly in developing countries, use these industrial methods as a selling point, to prove that health standards are high.

Mecatherm's processes aim to make its doughs more natural, with fewer enhancers. This is especially appreciated in many developing countries where for economic reasons bakers use artificial ingredients for better appearance or longer life. Mecatherm's procedures, which make it possible to work with more hydrated and more fermented doughs, provide the same results without artificial additives, which are known to cause health problems.

Preventing corruption

The group takes steps to prevent corruption.

In order to monitor unlawful activities of the salesforce, each salesperson reports to a person in a more senior position, and is required to fill out a daily report on his/her activity using a CRM/business process security tool that facilitates the management of client data, and sales activities in general, and incorporates corruption criteria to reveal the risk level and country ranking according to the Transparency International Corruption Perceptions Index.

In addition, a memorandum on corruption in sensitive countries is sent to employees who travel. This memo includes precautionary measures to take during their travels.

Commitment to human rights

Mecatherm refuses to use any child or forced labor.

When the company enters into any subcontracting or service-provider agreement for an amount of €5,000 or more, and every six months thereafter, it obtains verification by certified letter that its subcontractors are in compliance with French labor law, and more generally that French legal and social provisions are being applied.

3.2.5 CSP Technologies

Introduction

CSP Technologies is a global leader in delivering innovative, high-quality product and packaging solutions that give customers a competitive edge and actively protect customers' humidity- and/or oxygen-sensitive products.

CSP develops and markets solutions and services to address packaging concerns in a variety of industries including pharmaceuticals, transdermal drug delivery, food and electronics.

The core values of CSP are:

- **delivery** – servicing customers with on-time, on-specification products in high volume and taking products from conceptualization to commercialization;
- **innovation** – pioneering new technologies and offering innovative design, material science, sheet extrusion, thermoforming, and complex molding;
- **social** – making strong investments in our people to assure that they have the technological knowledge and capability to help customers;
- **efficiency** – continuous strengthening of quality and reduction of the cost base through lean manufacturing, manufacturing footprint optimization and design-to-cost initiatives.

Presence

CSP operates three manufacturing plants located in France (Alsace) and the USA (Alabama and Georgia). All of CSP's manufacturing plants are engaged in the production of plastic packaging for various industries, notably medical and food.

CSP additionally operates representative offices in various countries typically for sales and marketing purposes, and CSP's corporate office is located in New York State (USA).

Main Changes

In March 2016 CSP acquired 100% ownership of Maxwell Chase Technologies, LLC, a company specializing in the development and manufacturing of absorbent packaging that delivers freshness and extends the shelf life of fresh foods. Maxwell Chase operates the manufacturing facility in Georgia (USA). Maxwell Chase is out of scope for this report due to the partial consolidation period.

Social

With a focus on innovation and delivery, human resources and staffing are critical to CSP's performance by ensuring deployment of talent to the appropriate areas of the business.

Employment

At December 31, 2016 CSP's workforce consisted of 379 full- and part-time permanent employees. The majority of CSP employees are located at the company's main manufacturing facilities in the USA and France. The growth in workforce from 2015 (354 employees) has been driven by the growth of CSP.

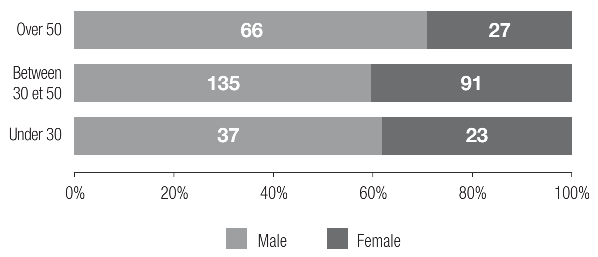
CSP additionally utilizes temporary employees sourced *via* local staffing agencies to meet the changing demands of the business (not included in the figure above).

Workforce by geographic location:

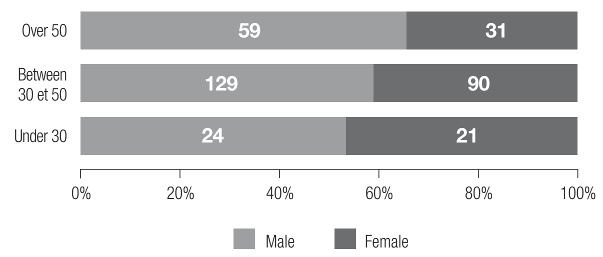
Workforce by geographic location, 2016

Workforce (on staff as of December 31)	2016	2015
United States (Alabama and New York)	267	244
France (Niederbronn)	112	110

Workforce demographics, 2016



Workforce demographics, 2015



Employee Changes

Retaining and developing a high-quality workforce is critical to CSP. CSP offers competitive compensation and incentive packages which are reviewed on a regular basis by senior management.

CSP additionally strives to retain employees by offering equal opportunities and a safe, fair, honest and open workplace.

The absenteeism rate of CSP is below normal market levels.

Total workforce	2016	2015
Employee turnover rate	9%	21%
Employee hiring rate	16%	15%
Number of temporary employees hired under permanent contracts (excluding internships)	24	22

Training

CSP offers employees access to training focused on health and safety, production efficiency and innovation in the workplace. Training is offered internally, through external providers and both to new and existing employees. Some highlights of training undertaken during 2016 are as follows:

- international standards and quality audit training;
- technical courses such as vehicle operation, electrical training and manufacturing operations.

Six CSP employees are qualified as "Six Sigma blackbelts".

Health and safety

As many of CSP's employees are engaged directly in the manufacturing process, adherence to health and safety rules is a key objective of management. Internal health and safety reviews are conducted on a regular basis. The following areas are focused on:

- providing up to date and relevant training to at-risk employees;
- complying with all relevant local and international rules on health and safety;
- analysis and introspection with relation to any incidents.

The above strategies have led to a low number of lost time injuries within the organization:

Total workforce	2016	2015
Number of lost time injuries	6	2
Number of lost time days	29	4

Relations with Professional Organizations

As part of its commitment to recruiting and retaining talent, CSP partners with local institutions, such as colleges and universities in the United States. Through these partnership programs CSP offers compensated internship programs to several individuals annually. These programs may focus on research and development, design, engineering or quality assurance and often lead to permanent employment.

Additionally, CSP has participated in informational sessions at local educational institutions in the USA along with tours of the plant for relevant academic courses.

CSP has also partnered with institutions in 2016 to develop and test new technologies. In particular, where CSP lacks the expertise to test certain technological innovations internally it has partnered with research development laboratories in major academic institutions to perform the testing and assist in development of the technologies.

Environment

CSP monitors compliance with relevant environmental laws and regulations.

Through its manufacturing processes and innovations CSP aims to drive efficiencies which result in a reduced environmental footprint, lower waste and emissions outputs.

Raw Materials and Waste Management

A large portion of CSP's research and development focus in 2016 and in future years was and will be on reducing waste from manufacturing processes.

The primary inputs into CSP's business are petrochemicals, most notably polypropylene resins. CSP looks for ways to reduce the amount of materials consumed in its products on an ongoing basis by ensuring the efficiency of production processes and manufacturing to precise customer specifications.

CSP predominantly uses materials which can be recycled in the manufacturing process internally or resold to external vendors for reprocessing. Scrap which cannot be recycled results from contamination or mixture with other materials in the production process.

CSP is focusing on several specific projects related to a reduction in usage of raw materials and levels of scrap/waste:

- introducing new manufacturing lines with innovative new processes to reduce the amount of materials used in production and separate production of different components. The separation of components reduces cross-contamination. Management anticipates that this will substantially increase the amount of materials that can be re-processed internally during manufacturing;
- offering a wide selection of products with varying content of petrochemical resins to allow for the necessary amount of material to be tailored to each customer's need. These offerings reduce instances of customers needing to purchase products with an excess of material and increases cost effectiveness.

Total workforce	2016	2015
Raw materials consumed *(metric tonnes)*	10,879	11,343
Raw Materials, Intermediate and Finished products scrap *(metric tonnes)*	760	577
Other types of waste: packaging, garbage, etc. *(metric tonnes)*	566	527

Energy and Climate Change

The main energy input into CSP's manufacturing process is electricity. CSP also uses natural gas, automotive fuels and other energy sources on a limited basis. CSP has not noted any significant risk associated with adoption of prospective climate change legislation.

Total workforce	2016	2015
Electricity used on an annual basis *(MWh)*	43,186	41,374
Scope 2 GHG Emissions *(tonnes of CO_2 equivalents)*	19,652	18,872

Electricity consumption rose from 2015 to 2016 with an increase in production and revenues (5% organic growth, excluding incremental revenue from the acquisition of Maxwell Chase).

CSP anticipates further investigation of Scope 3 GHG carbon during 2017. Scope 1 GHG emissions are not considered significant to CSP.

CSP anticipates that initiatives commencing in 2017 to reduce scrap levels and recycle vials will significantly reduce the carbon footprint generated in the manufacturing process. These initiatives are further detailed in the section on raw materials and waste management.

Energy Efficiency Initiatives

Key projects with energy efficiency benefits in 2015 and 2016 have been:

- improvement of heat recovery in plant dry rooms and reduction of furnace temperatures (Alabama);
- improvement of energy cycling in dry rooms to reduce energy usage (Alabama);
- replacement of lighting with low-energy alternatives in certain production rooms and hallways (company-wide);
- reduction of air loss in compressor systems and implementation of more efficient compressor motors (France).

In addition, CSP has several energy reduction projects under investigation such as the addition of heat blankets for injection molding systems to increase thermal efficiency.

Consumer health

CSP recognizes the importance of protecting consumer health and generally utilizes only those raw materials that are inert and considered non-harmful in the production of its packaging materials. Many of CSP's customers in the medical sector are regulated by bodies such as the FDA and operated under a strict framework.

Medical and Over-the-Counter Divisions

CSP generally sells and distributes packaging to customers who are then required to seek regulatory approval for the combination of content and packaging. For example, in the USA, many of CSP's customers are subject to FDA regulations. CSP works with customers to ensure that products meet precise specifications and operates under several ISO standards to ensure quality. In particular, CSP's state of the art inspection systems are capable of ensuring that a very high proportion of products shipping to the customer meet specifications (for example, products can be checked individually for defects, lid opening force, etc.). CSP combines these technologies with manufacturing techniques such as Six Sigma that reduce the number of defects present. CSP also works actively with customers to meet their regulatory needs and engages in scientific testing of products at research and academic institutes.

Food Division

CSP maintains a registered food facility in the USA used for food packaging. The facility is subject to regular inspection and audit. Some key certifications held are:

- FDA Food Facility Registration (USA);
- Halal Food Production Certification (USA).

Compliance/Regulation

Given the international scope of CSP's business, management is responsible for compliance with applicable laws, regulations and ethical codes (such as regulations on human rights, equality in the workplace and environmental legislation).

Business ethics

CSP maintains internal policies on ethical behavior (notably ethical guidelines and specific policies governing compliance with country specific legislation). These are distributed to senior management and sales personnel. Any potential compliance issues are escalated internally to senior management.

Relationships with Suppliers

Over the course of its history, CSP has built a network of trusted suppliers and vendors. Outside of reviews for market competitiveness there is relatively little change in CSP's supplier base on an annual basis. This allows for CSP to develop relationships with suppliers to ensure exacting product specifications are met, consumer health is protected and the relationships are as efficient as possible. Subcontracting by CSP's suppliers is limited.

Supplier audits for CSP's medical division are conducted on a regular basis. These audits assess risks such as product contamination, employment practices and quality standards at suppliers. Formal audit reports are issued and any deficiencies are addressed with the suppliers.

Reporting Methodology

Scope

The following locations are within the scope of this report:

- France manufacturing plant;
- Alabama manufacturing plant;
- New York corporate office (for social data only).

The locations in scope provide 92% of workforce coverage for 2016.

Social

HC

CSP's workforce is defined as the number of employees with a permanent contract with one of the entities within the CSP group. The totals include both salaried and hourly employees, as well as employees both under unlimited- or limited-term contracts (CDI or CDD, resp., in France). Workforce metrics include full and part-time employees. Temporary employees, apprentices or interns are not included in the workforce totals, hiring or turnover rates.

In case of multi-hire or multi-termination, only the last movement is reported. For example, if an employee is hired, then terminated and re-hired during the year, only one hire is counted (and 0 termination).

Employee turnover rate is calculated as the total number of employees who have left the organization in 2016 voluntarily or through termination divided by the total workforce at the end of 2016.

Employee hiring rate is calculated as the total number of employees who have joined the organization in 2016 divided by the total workforce at the end of 2016.

The number of temporary employees permanently hired includes individuals employed on a temporary basis that have been hired as full-time or part-time employees during 2016. In France the figure excludes CDD contracts converted into CDI contracts. It excludes any individuals who have been hired after an internship.

Health and safety

The number of lost time injuries is defined as the number of incidents resulting in one or more working days of lost time amongst full and part-time employees on a permanent contract. Accidents while commuting between work and home are excluded from these figures.

The number of lost time days is defined as the total number of working days of lost time resulting from the incidents noted above. The day of the incident is excluded from the figures and the number of days is rounded to one full day.

Raw Materials and Waste Management

Raw materials consumed

Raw material consumption is defined as the total mass of resin and other raw materials where consumption exceeds 10 metric tonnes per year. This figure does not include packaging materials or components.

Scrap

This category is defined as finished goods or raw materials with faults, specification deficiencies or are defined as obsolete that are either re-introduced to the production cycle, recycled internally or sent to third party vendors for recycling.

Other waste production

The reporting perimeter is limited to the main categories of wastes that are material to operations, and does not cover all other waste categories. This includes:

- general office waste;
- packaging materials such as cardboard corrugate, plastic and other containers;
- scrap wood from broken pallets.

Energy and GHG emissions

Emissions related to electricity consumption of production, packaging and administration operations are calculated using emission factors from the 2014 EPA's eGRID database for the facility in the USA (SERC South region) and the IEA 2014 database for the facility in France.

3.3 Independent verifier's report on social, environmental and societal information presented in the management report

This is a free translation into English of the original report issued in the French language 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.

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC[1], under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Wendel, we present our report on the social, environmental and societal information established for the year ended on the 31 12 2016, presented in chapter 3 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company and its portfolio companies (hereafter referred to as the "Criteria") of which a summary is included in the methodological notes presented in chapter 3 of the management report and available on request at the respective headquarters of the company and its portfolio companies.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial code (Code de commerce). In addition, we have implemented 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 independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);
- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria;

Our verification work mobilized the skills of 9 people between November 2016 and March 2017 for an estimated duration of 15 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000[2].

1.Attestation of presence of CSR Information

Nature and scope of the work

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial code *(Code de commerce).*

In the absence of certain information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code *(Code de commerce).*

We verified that the CSR information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code *(Code de commerce*), hereafter "the portfolio companies[3]", with the limitations specified in the Methodological

(1) *Scope available at www.cofrac.fr*
(2) *ISAE 3000 – Assurance engagements other than audits or reviews of historical information.*
(3) *Portfolio companies that are subject to this report are Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Mecatherm and CSP Technologies.*

Notes of the company and its portfolio companies presented in chapter 3 of the management report, notably:

- As indicated in the paragraph « Encouraging subsidiaries to integrate CSR » presented in paragraph 3.1.1 of the management report, the required Information is presented for each company whose majority stake is held by Wendel and is not consolidated as specified in the article L. 225-102-1 of the French Commercial Code (Code de commerce);

Conclusion

Based on this work, and given the limitations mentioned above we confirm the presence in the management report of the required CSR information.

2.Limited assurance on CSR Information

Nature and scope of the work

We undertook about 40 interviews with the people responsible for the preparation of the CSR Information in the different departments, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important(1):

- At the level of the company and of its portfolio companies, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;
- At the level of the representative selection of entities that we selected(2), based on their activity, their contribution to the indicators of the company and of its portfolio companies, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average:
  - For the Constantia Flexibles group, 17 % of the total number of employees and on average 19 % of the quantitative environmental information tested;
  - For the Cromology group, 58 % of the total number of employees and on average 25 % of the quantitative environmental information tested;
  - For the Stahl group, 46 % of the total number of employees and on average 22 % of the quantitative environmental information tested;
  - For the Mecatherm group, 72 % of the total number of employees and on average 73 % of the quantitative environmental information tested;
  - For the CSP Technologies group, 65 % of the total number of employees and on average 78 % of the quantitative environmental information tested;

For the Bureau Veritas group, we verified that the Information published in Wendel management report corresponds to the information that was subject to verification by the independent verifier mandated by the executive management of Bureau Veritas.

For the other CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

(1) The most important CSR information is appended to this report.
(2) For the Constantia Flexibles group, we selected the industrial sites of Topebal (Spain), C. Hueck Folien (Germany), Verstraete IML (Belgium). For the environmental and safety quantitative information of the Cromology group, we selected the industrial sites of Champagné (France) and Casablanca (Morocco), supplemented by the Couleurs de Tollens network (France) for energy and safety quantitative information. For the quantitative social information of the Cromology group, we selected the entities located in Morocco, in Argentina, and the networks Couleurs de Tollens (France) and Zolpan (France). For the Stahl group, we selected the industrial site of Waalvjjk (Netherlands), Ranipet (India) and Kanchipuram (India). For the Mecatherm group, we selected the site of Barembach (France). For the CSP Technologies group, we selected the site of Auburn (United States of America).

Observations

Without qualifying our conclusion above, we draw your attention to the following points:

The Information published by Constantia Flexibles group call for the following comment:

The absenteeism rate and the number of training hours have not been published yet, awaiting an homogeneous calculation at Group level.

The Information published by Cromology group call for the following comment:

For the calculation of volatile organic compounds emissions, the reporting protocol does not specify the alternative estimation methods to be used when required parameters are unavailable. This induces an heterogeneity in the calculation methods used by the sites.

The Information published by Stahl group call for the following comment:

The number of training hours has not been published yet, awaiting an homogeneous calculation at Group level.

Paris-La Défense, the 22 March 2017
French original signed by:

Independent Verifier
ERNST & YOUNG et Associés

Caroline Delerable	Bruno Perrin
Partner,Sustainable Development	Partner

Quantitative social information	Involved companies
Registered headcount, or number of employees expressed in full time equivalent	Wendel S.E. and portfolio companies
Total number of hirings and terminations, or rate of hirings and terminations	Wendel S.E. and portfolio companies
Absenteeism rate	Wendel S.E., Cromology, Mecatherm
Lost Time Injury Frequency Rate, or number of lost time injuries	Portfolio companies
Severity Rate, or number of lost time days due to lost time injuries	Cromology, Stahl, Mecatherm, CSP Technologies
Percentage of industrial sites certified OHSAS 18001	Cromology
Total number of training hours, or number of hours of training per employee, or number of employees being trained at least one time	Wendel S.E., Cromology, Mecatherm
Total number of disabled employees, or rate of disabled employees	Wendel S.E., Constantia Flexibles, Mecatherm, Stahl

Qualitative social information	Involved companies
Organization of social dialogue	Portfolio companies
Health and safety at the work place	Portfolio companies
Training policies	Wendel S.E. and portfolio companies
Equality of treatment, including inclusion of disabled employees	Wendel S.E. and portfolio companies
Promotion and respect of the ILO core conventions	Constantia Flexibles, Cromology, CSP Technologies, Stahl

Quantitative environmental information	Involved companies
Percentage of industrial sites certified ISO 14001	Cromology
Air emissions (VOC, SOx and NOx), or ratio of air emission per product output (VOC)	Constantia Flexibles, Cromology
CO_2 emissions, scopes 1 and 2	Constantia Flexibles, Cromology, Stahl, CSP Technologies
CO_2 emissions, scope 3	Constantia Flexibles, Stahl
Quantity of hazardous and non-hazardous waste, or ratio of produced waste quantity per product output	Portfolio companies
Waste recovery rate	Constantia Flexibles
Total water consumption, or ratio of water consumption per product output	Constantia Flexibles, Cromology, Stahl, Mecatherm
Total energy consumption	Portfolio companies
Raw materials consumption	CSP Technologies

Qualitative environmental information	Involved companies
Company organization to take into account environmental issues	Wendel S.E. and portfolio companies
Energy efficiency	Constantia Flexibles, Cromology, Stahl, Mecatherm
Raw materials consumption	Constantia Flexibles, Cromology, CSP Technologies
Significant emission sources of greenhouse gas generated by the company's activities, including the use of the goods and services it produces (scope 3)	Portfolio companies

Qualitative information related to societal commitment for a sustainable development	Involved companies
Territorial, economic and social impact of the company in terms of employment and regional development	Portfolio companies
Dialogue conditions with individuals or organizations interested in the company's activities	Wendel S.E. and portfolio companies
Integration of ESG criteria in portfolio management	Wendel S.E.
Consideration of CSR issues in relationships with suppliers and subcontractors	Portfolio companies
Actions undertaken to prevent bribery and corruption	Wendel S.E. and portfolio companies

4

COMMENTS ON FISCAL YEAR 2016

4.1 Analysis of the consolidated financial statements

4.1.1 Consolidated income statement – Accounting presentation

The Wendel Group includes:

- fully consolidated companies, *i.e.* holding companies and subsidiaries over which Wendel exercises exclusive control: Bureau Veritas (certification and verification), Constantia Flexibles (flexible packaging and labels), Cromology (decorative paints), Stahl (leather finishing products and high-performance coatings), AlliedBarton (security services) until the date of its merger with Universal Services of America in August and the companies grouped under Oranje-Nassau Développement: CSP Technologies (high performance plastic packaging), Mecatherm (industrial bakery equipment), Nippon Oil Pump (manufacture of trochoid pumps and hydraulic motors) and Parcours (long-term vehicle leasing to corporate customers), sold in May;
- companies accounted for by the equity method (associates) and over which Wendel has significant influence or joint control, specifically: Saint-Gobain (production, transformation and distribution of building materials), IHS (mobile telecom infrastructure in Africa), Allied Universal (security services) from the date of the merger of AlliedBarton and Universal Services of America in August, as well as exceet (design of embedded systems) and SGI Africa (shopping centers in Africa), which are grouped under Oranje-Nassau Développement.

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. These companies are AlliedBarton (merged with Universal Services of America in August 2016), Parcours (sold in May 2016) and the Materis divisions sold in 2014: Kerneos (aluminates), Parex (mortars) and Chryso (admixtures).

In millions of euros	2016	2015	2014
Net sales	8,283.6	7,683.4	5,574.5
Operating income	724.8	567.5	497.6
Net financial income (expense)	-495.6	-365.8	-421.8
Income taxes	-199.8	-211.0	-180.9
Net income from equity-method investments	-268.6	25.6	-76.0
NET INCOME FROM CONTINUING OPERATIONS	**-239.2**	**16.4**	**-181.2**
Net income from discontinued operations and operations held for sale	98.2	8.1	378.9
NET INCOME	**-141.1**	**24.5**	**197.8**
Net income – non-controlling interests	225.7	170.7	178.2
NET INCOME, GROUP SHARE	**-366.8**	**-146.2**	**19.6**

4.1.2 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 presented in note 6 to the consolidated financial statements, entitled "Segment information".

In millions of euros	2016	2015	2014
Bureau Veritas	424.7	432.7	404.2
Stahl	95.3	84.4	52.0
Cromology	17.5	17.0	21.5
Constantia Flexibles	67.1	55.3	-
AlliedBarton	29.8	3.0	-
Allied Universal (equity method)	0.7	-	-
Saint-Gobain (equity method)	106.6	153.2	139.3
IHS (equity method)	-44.5	-68.4	-42.2
Oranje-Nassau Développement	23.0	2.3	24.2
■ Parcours	4.1	16.9	15.3
■ Mecatherm	8.3	-17.8	4.1
■ CSP Technologies	8.7	1.5	-
■ Nippon Oil Pump	2.9	1.8	2.8
■ exceet (equity method)	-0.5	-0.1	2.1
■ SGI Africa (equity method)	-0.5	-	-
TOTAL CONTRIBUTION FROM GROUP COMPANIES	**720.2**	**679.5**	**599.0**
of which Group share	*402.7*	*375.6*	*381.3*
Operating expenses, management fees, and taxes	-51.7	-52.8	-49.2
Amortization, provisions, and stock-option expenses	-8.8	-8.4	-6.4
TOTAL OPERATING EXPENSES	**-60.6**	**-61.1**	**-55.6**
TOTAL FINANCIAL EXPENSE	**-142.8**	**-156.1**	**-170.9**
NET INCOME FROM OPERATIONS(1)	**516.9**	**462.2**	**372.5**
of which Group share(1)	*199.4*	*158.3*	*154.9*
Non-recurring income	**-537.9**	**-295.2**	**-56.0**
Impact of goodwill allocation	**-120.1**	**-142.5**	**-118.8**
TOTAL NET INCOME	**-141.1**	**24.5**	**197.8**
Net income – non-controlling interests	225.7	170.7	178.2
NET INCOME, GROUP SHARE	**-366.8**	**-146.2**	**19.6**

(1) *Net income before goodwill allocation entries and non-recurring items.*

4.1.3 Description of 2016 business activities

The Wendel Group's consolidated sales totaled €8,283.6 million, up 7.8% overall and up 0.6% organically.

The contribution of Group companies to net income from operations was €720.2 million, up 6.0% from 2015. This increase came about in particular because Wendel's recent acquisitions entered the scope of consolidation – Constantia Flexibles since April 1, 2015 and AlliedBarton since December 1, 2015, now Allied Universal since August 1, 2016 – and because Mecatherm returned to profitability. These increases more than offset the decline in Saint-Gobain's contribution to net income from operations resulting from the sale of shares in May 2016.

Financial expense, operating expenses and taxes totaled €203.3 million, down 6.4% from 2015 (€217.3 million). This reduction resulted from liability management transactions initiated by Wendel that reduced interest expense and reduced the cost of Wendel's debt and also from favorable exchange rate fluctuations.

Non-recurring net income was €-537.9 million vs. €-295.2 million in 2015. In 2015, the loss in Wendel's consolidated statements deriving from Saint-Gobain's sale of Verallia (€-96.5 million), IHS's currency translation loss following the devaluation of the Nigerian naira (€-56.1 million), asset impairment (€-235.1 million) and other non-recurring items (€-110.9 million) were partially offset by the revaluation of Saint-Gobain's shares in Wendel's balance sheet (€+203.4 million).

In 2016 non-recurring net income was principally comprised of the following items:

- an accounting loss of €229.6 million on the 30 million Saint-Gobain shares sold in May 2016;
- an accounting gain of €78.3 million[1] realized on the sale of Parcours;
- a currency translation loss recognized by IHS following the devaluation of the Nigerian naira related to dollar-denominated debt (€-159.9 million impact);
- a €123.6 million expense related to debt repurchases in June and October 2016; and
- asset impairment in consolidated companies and other non-recurrent items (€-103.0 million).

Wendel's total net income, which was negative in H1 and turned positive in H2 (€172.1 million) was €-141.1 million in 2016, compared with €24.5 million in 2015. Net income, Group share, was also positive in H2 and totaled €-366.8 million over the full year, vs. €-146.2 million in 2015.

Sales of Group companies

Bureau Veritas – Resilient performance in 2016, slightly positive organic growth expected in 2017

(Full consolidation)

2016 revenue totaled €4,549.2 million, a decrease of 1.8% compared with 2015.

Organic growth was -0.6% over the full year including -0.3% in the last quarter. This number reflects mixed performances by business with notably:

- a 1.7-points positive contribution to Bureau Veritas's organic growth from the activities under the eight Growth Initiatives (€80 million of incremental revenue). A strong performance was achieved in Agri-Food, Building & Infrastructure, Opex and Automotive, which positively contributed to the performances of the Commodities, Certification, Construction, IVS and Consumer Products businesses;
- a 1.9-point negative impact on the group's organic growth from declining commodities markets. This includes i) a 20% decline year-on-year for oil & gas activities dependent on new investments (capex; below 6% of revenue) and ii) a mid-single digit decline for upstream-related activities in the Metals & Minerals segment (now less than 4% of revenue) despite positive growth in the second-half of 2016 thanks to the rebound in Metallurgical testing.

Acquisitions growth was 2.0%, combining the contribution of the nine acquisitions finalized in 2015 and those made in 2016, supporting all the Growth Initiatives.

Currency fluctuations had a negative impact of 3.2%, mainly due to the depreciation of emerging countries' currencies but also the British pound against the euro.

Adjusted operating profit was €734.9 million. 2016 adjusted operating margin was down 55 basis points to 16.2% compared to 16.7% in 2015. The margin decrease is attributable to the impact of cyclical activities, namely oil & gas, Marine and GSIT (-40 bp all together), the scope effect (-10 bp) and the negative impact of currency changes (-20 bp). On the other hand, proactive cost management and the Excellence@BV program had a positive impact on the margin.

Free cash flow (available cash flow after tax, interest expenses and capex) totaled €362.5 million, below the record level of €462.1 million recorded in 2015.

(1) Adjusted for the discontinuation of depreciation as required by IFRS 5 "Non-current assets held for sale and discontinued operations". The capital gain on the investment totaled €129.3 million.

At December 31, 2016, adjusted net financial debt was €1,996.4 million, *i.e.* 2.2x last-12-month EBITDA as defined in the calculation of banking covenants, compared with 2.02x at December 31, 2015.

A dividend of €0.55 per share, up 7.8%, will be proposed to Bureau Veritas's shareholders at the Shareholders' Meeting on May 16, 2017.

Bureau Veritas expects the global macroeconomic environment to remain volatile in 2017, with persistent weakness in the oil & gas and shipping markets. Thanks to its diversified portfolio and the ramp-up of its Growth Initiatives, Bureau Veritas expects organic revenue growth to be slightly positive with acceleration in H2 - and an adjusted operating margin of circa 16%, amongst the highest in the TIC industry. Bureau Veritas also expects its cash flow generation to improve compared to 2016.

A year into its strategic plan, Bureau Veritas conducted a full reassessment of its growth initiatives based on a more in-depth review with the market leaders now in place within the organization. Factoring in recent market dynamics (essentially oil & gas and Marine down-cycle) the contribution and the potential of each of the eight growth initiatives unveiled as part of its 2020 ambition, Bureau Veritas has decided to focus its development efforts on five initiatives going forward: Building & Infrastructure, Opex in the energy sectors (oil & gas, power & utilities and chemicals), Agri Food, Automotive and SmartWorld. Together, they represent ca. 30% of group revenue, and will bring additional growth drivers and the diversification that Bureau Veritas is seeking.

Also, for the whole of its portfolio including the growth initiatives, Bureau Veritas has decided to accelerate its global transformation through its maintained four main levers: 1) a more commercially and client-oriented culture with notably key Account Management, 2) the systematic deployment of Excellence@BV to improve group agility and productivity, 3) digitalization of the company, 4) enhanced training and talent management.

In terms of geographies, Bureau Veritas's focus on two countries, namely the USA and China, is confirmed.

All in all, due to cyclical headwinds in some activities (oil & gas capex, upstream Metals & Minerals and Marine) since the plan started, Bureau Veritas now expects a one-year delay in the achievement of its initial ambition and is now pursuing the following targets:

- confirmed return to a 5-7% organic revenue growth pace by 2020;
- increased Group revenue by ca. €1.5 billion in 2020 vs. 2015[1], equally balanced between organic growth and acquisitions;
- an adjusted operating margin target above 17% by 2020;
- continuous high free cash flow generation.

Constantia Flexibles – Total growth of 8.6% driven by the acquisitions of Afripack and Pemara; organic growth of 1.5%

(Full consolidation since April 1, 2015)

In 2016, Constantia Flexibles successfully pursued its global growth strategy with two new acquisitions: Oai Hung, increasing its exposure to growth in Southeast Asia, and Italian company San Prospero, which supports its principle of satellite production. As part of its efforts to streamline its activities, Constantia Flexibles sold its non-core folding carton business in Mexico.

For the first time in its history, Constantia Flexibles' sales exceeded €2 billion, increasing 8.6% to €2.06 billion in 2016. Organic growth, *i.e.* growth at constant scope and exchange rates, was 1.5%. In 2016, top-line growth suffered from negative currency effects of 0.6%, relating to fluctuations in the Polish zloty, the South African rand, the pound sterling and the ruble compared with the euro.

The organic portion of sales growth resulted primarily from volume increases in all divisions of Constantia Flexibles, along with price increases and product mix improvements.

Food division sales increased by 6.8% to €1.2 billion in 2016. Organic growth in the division contracted by 0.4% because of difficult economic conditions in emerging markets.

Growth in the Americas was particularly encouraging in 2016, with a significant advance in packaging films for snacks. Sales were down slightly in Europe, owing in particular to the decline in raw material prices. Sales of packaging film for confectionery and convenience food continued to increase. Furthermore, innovative products such as individual portions of tea and coffee won market share. In emerging markets, business was affected by a difficult geopolitical environment in Turkey and neighboring countries.

In 2016, **Pharma division** sales rose by 5.6% to €312.6 million and included organic growth of 1.4%.

In addition to growth in the principal European markets, activity in emerging markets was buoyed by the acquisition of Oai Hung in 2016. Growth in US markets was affected by a very high base of comparison in 2015. Pharma's flagship products, *i.e.* coldforming aluminum foil, advanced in all regions of the world. The company also sought to win further market share with innovative personal hygiene and household products.

Sales in the **Labels division** rose by 11.8% to €604.7 million and included organic growth of 3.9%.

Market growth in 2016 was characterized by an increasing demand for high-value-added products, primarily self-adhesive labels, in particular in the beer market. The acquisition of Spear Group, leader in its market, in 2013 enabled Constantia Flexibles to take advantage of this trend. Moreover, sales benefited from overall demand in wet-glue labels. Finally, growth was also buoyed by the ongoing development of the existing customer portfolio and the acquisition of new customers in Asia.

(1) At initial plan exchange rates (as presented during the October 2015 Investor Days).

For all of Constantia Flexibles, 2016 Ebitda was €290.0 million, an increase of 10.2% compared with 2015. As a result, the operating margin was 14.1% compared to 13.9% a year earlier.

At the end of September, Constantia Flexibles successfully renegotiated the terms of its senior debt. As part of this transaction, Constantia Flexibles amended certain terms in its €1.2 billion syndicated lines of credit to give it more operating flexibility, while reducing the margin on its €660 million senior, euro-denominated financing by 75 basis points. The size of the dollar-denominated tranche was increased to $250 million so as to make it more liquid and strengthen its broad investor base, thereby facilitating the company's access to international markets. The margin for the dollar tranche was renegotiated down by 75 basis points. This transaction will save Constantia Flexibles €7 million p.a. gross, enabling it to recover the transaction costs in less than eight months.

Moreover, on March 1, 2017 Constantia Flexibles announced its acquisition of Alucap, Italy's leading producer of lids and seals for dairy products, based in the vicinity of Trento (Italy's principal yogurt producing region). Alucap specializes in producing aluminum lids and plastic films, and serves many local and international dairy producers.

Cromology – Earnings affected by the difficult economic environment in Argentina

(Full consolidation)

Cromology posted 2016 sales of €737.3 million, stable (0.0%) like-for-like compared with 2015. In total, sales declined by 1.9%, principally reflecting difficult market conditions in France and the devaluation of the Argentine peso. Excluding Argentina, growth totaled 0.7% over the full year.

Sales contracted in France by 0.5%, related to deflationary market conditions in France; this was offset by continued healthy growth in Southern Europe (1.3%) and in the rest of the world, except for Argentina. In Argentina, 2016 sales (5.0% of total sales) declined by 34.7% in euro terms owing to difficult economic conditions and especially to the devaluation of the peso.

Cromology's profitability also suffered from the situation in Argentina. Despite continued efforts to relaunch sales and keep a lid on costs, Cromology's Ebitda adeclined by 5.6% to €64.0 million, representing a margin of 8.7%. Excluding Argentina, 2016 ebitda increased by 0.6% in 2016.

Owing to strict control of working capital requirements, Cromology reduced net debt by €2.3 million, and as of end-December 2016 its ratio of net debt to Ebitda was 3.8.

Finally, in 2016 Cromology returned to its acquisition strategy, buying the Natec brand in France and the entire paints business of Jallut, a company based in French-speaking Switzerland.

Stahl – Sharp increase in profitability and record-high cash generation. Nearly €400 million in dividends paid to shareholders in the last 12 months

(Full consolidation)

Stahl's sales totaled €655.7 million in 2016, up 4.4% from 2015. This increase in sales benefited from a combination of robust organic growth (5.6%) and a slightly positive scope effect (1.3%) deriving from three factors: the residual impact of the consolidation of Clariant Leather Services (Pakistani assets consolidated as of July 5, 2015), the April 2016 acquisition of Viswaat Leather Chemicals Business, an Indian company, and the consolidation over six weeks of Eagle Performance Products. Fluctuations in exchange rates, however, in particular the depreciation of the Brazilian real against the euro, had a negative impact of 2.4% on sales.

Sales growth at Stahl reflected a 5.3% increase in volumes, driven by ongoing double-digit growth within the Performance Coatings business unit and strong volume growth within the Leather Chemicals business units.

Stahl continued to pursue its external growth strategy, acquiring Eagle Performance Products, announced on November 21, 2016. Founded in 1974, Eagle Performance Products is specialized in flame retardants. This acquisition adds new technologies and products to Stahl's existing ranges of high-performance coatings and chemicals for the treatment of leather products. This product diversification is important for Stahl's key automotive, aeronautics and interior solutions segments. In 2015, Eagle Performance Products achieved sales of around $19 million and an Ebitda of around $4 million.

Stahl's Ebitda rose 20.9% in 2016 compared with 2015, to €155.6 million, representing a margin of 23.7%. Ebitda growth was driven by growth in sales, good cost control and the successful integration of the activities of Clariant Leather Services.

Stahl's very strong operating cash flow and the resulting improvement in its financial structure enabled it to pay its shareholders a dividend of €65 million at the end of March 2016, €48 million of which was paid to Wendel. On November 30, 2016, Stahl finalized an agreement with a club of banks to refinance its debt. The new financing of €587 million includes two tranches: a Term loan A and a Term loan B, maturing in 2021 and 2022, respectively. These lines were used to refinance Stahl's existing debt, pay a dividend of €326 million to its shareholders, including €242.7 million to Wendel in 2017, and give the company more flexibility in future acquisition transactions. As a result of the refinancing, Stahl's net debt represented ca. 3.0 times 2016 Ebitda , which will enable Stahl to pursue its growth and development, both organically and through acquisitions.

IHS – 25.1% growth in total revenue and profitability improvement in a challenging macro environment

(Equity method) [(1)]

IHS Holding Limited's ("IHS") sales totaled $904.7 million in 2016, up 25.1% from the previous year, driven by improved tower colocation rates (up 12% year-on-year and up 25% including 3G and 4G new technology lessees), as well as by acquisitions completed in 2015 and 2016. H2 growth was impacted by the devaluation of the Nigerian Naira in June. As previously announced, this slowdown in growth has been mitigated from Q1 2017, since a significant portion of leasing contracts in Nigeria are indexed to the dollar and revised quarterly, semi-annually or annually.

IHS's strong growth in 2016 was achieved in a challenging macro environment. The Nigerian economy shrank 1.5% in 2016 amid a slump in oil revenue, diminished foreign investment, high unemployment rates and inflationary pressure. As the Central Bank of Nigeria abandoned its currency peg, the naira depreciated by approximately 40% and liquidity became an issue for many Nigerian companies. Etisalat Nigeria, the Nigeria subsidiary of Abu Dhabi-based telecoms group Etisalat, was recently reported to be in negotiation with its lenders.

The Nigerian economic and monetary environment is however showing signs of improvement since the start of 2017. Oil production is rising, inflation is slowing down and more generally, the Nigerian economy is recovering. IMF is forecasting an economic rebound in 2017 (+0.8% real GDP growth) and 2018 (+2.3%), while foreign inflows are forecasted to increase over the period.

In 2016, IHS pursued its external growth strategy with the acquisition of the 1,211 towers[(2)] held by Helios Towers Nigeria Limited's ("HTN"). After the integration of these towers in June, IHS had approximately 24,700[(3)] towers under management as of December 31, 2016.

With regards to profitability, IHS continued the successful development and rationalization of its installed base of towers. The company also kept carrying a tight operating cost control policy. EBIT[(4)] for the year increased by 75% to $151.5 million (vs. $86.4 million in 2015), representing a margin of 16.7% in 2016 (vs. 12.0% in 2015). The relative decline of the EBIT margin in H2 2016 can be explained by positive one-off items booked in the first half of the year and by slower growth in USD terms in Nigeria in the second half of the year.

IHS's net results were impacted by the capital expenditure program to upscale its newly acquired towers as well as its accelerated depreciation (20 years vs. 50 years for BTS towers). In addition, the devaluation of the Nigerian Naira caused IHS to recognize a currency translation loss on dollar-denominated liabilities on the books of Nigerian companies whose functional currency is the Nigerian Naira. This loss was not offset in IHS's group financial statements (in US dollars) because the positive impact resulting from the conversion of the Nigerian companies' financial statements into US dollars was accounted for in the consolidated equity of IHS group. This accounting treatment has no impact on either cash or operational profitability.

To finance its development, including the acquisition of HTN Towers, IHS carried out a $200 million capital increase in H2 2016 and refinanced the debt of IHS Nigeria and IHS Towers NG Limited (formerly HTN Towers) through the successful placement of a $800 million 5-year bond. As of December 31, 2016, IHS's net debt was $1,527.4 million.

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

Following this simplification of IHS's capital structure, Wendel holds 21.4% of the shares of IHS directly and remains IHS's largest shareholder in voting rights with unchanged governance rights.

Allied Universal – Pro forma organic growth of 3.9%. Merger with Universal Services of America finalized in August 2016

(Since August 1, 2016, the new company has been consolidated by the equity method. In accordance with IFRS 5, AlliedBarton's activities in the first seven months of the year are presented in the income statement under "Net income from operations to be accounted for by the equity method". The pro forma figures presented below have not been audited.)

(1) Unaudited 2016 figures.
(2) Of which 925 active towers.
(3) Tower count is 22,400 excluding managed services and WIP as of December 31, 2016.
(4) EBIT before non-recurring items.

On August 1, 2016, Wendel announced that the merger of AlliedBarton Security Services and Universal Services of America ("Universal") had been finalized, thereby creating the North American leader in security services.

The merged company, named Allied Universal, provides its customers with local and national services using state-of-the-art technology and employs approximately 140,000 qualified security officers.

In 2016, Allied Universal reported *pro forma* revenue of $4.8 billion, representing a 6.1% increase over the prior year, of which 3.9% was organic growth(1). The year-over-year organic growth reflects continued new business wins and growth with existing customers, partially offset by customer attrition, including from acquisitions completed by Universal in 2015. As well, the company has continued its acquisition strategy by completing four acquisitions, one of which closed in 2017, since the close of the Allied Universal merger. The four companies, US-based Apollo International, FJC Security and Yale Enforcement Services, and Canadian-based Source Security & Investigations, have combined annualized sales of approximately $400 million.

In 2016, adjusted *pro forma* Ebitda(2) totaled $354 million, or 7.3% of sales.

The post-merger integration was substantially implemented in 2016, including the creation of a single senior management team, the consolidation of ca. 260 local branches offices to ca. 190 and the combination of support functions and systems. The resulting savings of these actions are beginning to be reflected in Allied Universal's earnings; the full year benefit of $100 million is expected to be fully reflected in the LTM P&L by mid-2018. Adjusted *pro forma* 2016 Ebitda(2) including all expected synergies and the full-year impact of post-merger acquisitions (Apollo, FJC and Source) totaled $457.0 million, representing a 9.0% *pro forma* margin.

Saint-Gobain – Strong progress in results

(Equity method)

Saint-Gobain reported 2016 sales of €39,093 million, including a significant 2.9% negative currency impact due namely to the depreciation of the pound sterling – and to a lesser extent Latin American currencies – against the euro. The negative 1.0% scope impact reflects the time-lag between the impact of disposals made to optimize the Building Distribution portfolio in late 2015/early 2016 and the acquisitions carried out mostly at the end of the period.

On a like-for-like basis, sales were up 2.6%, driven by volume growth in all Business Sectors and regions. Based on a constant number of working days (negative calendar effect in the second half), volumes continued to increase in the six months to December 31, at the same pace as the first half. Prices stabilized over the year, gaining 0.6% in the second half amid an uptick in inflation. Saint-Gobain's operating margin (operating income/sales) increased to 7.2% from 6.7% in 2015, with 7.4% for the second half (versus 6.9% in second-half 2015). In line with our objectives, we saw a further like-for-like increase in operating income, up 11.5% in the second half, bringing growth over the full year to 10.8%.

In 2016, Saint-Gobain's capital expenditure was €1.37 billion, in line with our objective; we made €270 million in cost savings (vs. 2015), exceeding our €250 million target.

Free cash flow jumped 29% to €1,258 million, in line with the group's operating performance. Operating working capital requirements remained at a good level of 28 days, despite a rise of 1.7 days' sales, after the record low of 2015.

Saint-Gobain continued to pursue its acquisitions strategy, representing close to €300 million in full-year sales.

Regarding the plan to acquire a controlling interest in Sika, the group is confident that SWH's rights will be restored.

Innovative Materials sales climbed 4.5% like-for-like over the year, in line with the first half. The operating margin for the Business Sector widened to 11.2% from 10.5%, driven by the rebound in Flat Glass and a good performance from HPM.

Construction Products (CP) reported 1.4% organic growth, including 1.1% in the second half. The operating margin improved, up to 9.3% from 8.5% despite the decline in Pipe.

(1) Reflects revenue and Ebitda for Allied Universal and its predecessor companies as if the merger and prior acquisitions had been completed on January 1, 2015.

(2) Legacy AlliedBarton Ebitda before non-recurring items. Allied Universal figures are unaudited and include full year impact of 2015 acquisitions pro forma for expected synergies and other adjustments consistent with the Company's credit agreement. Shown on a comparable basis relating to capitalization of uniform and vehicle expenses, which had historically been expensed by legacy AlliedBarton

Building Distribution reported 2.7% organic sales growth for the year, with 2.2% in the second half, slightly up on the first half based on a comparable number of working days. Trading in France benefited from the upturn in new-builds, while renovation stabilized at a low level in a still deflationary environment, including at the end of the year. Scandinavia confirmed its good momentum over the full year, as did Spain and the Netherlands. The UK has not shown signs of weakness since the Brexit vote and continued to advance in line with the first half. Germany enjoyed good growth, although momentum slowed in the second half. Brazil continued to suffer from the market downturn. The operating margin was 3.4% for the year vs. 3.2% in 2015 (4.0% in the second half compared to 3.8% in second-half 2015), impacted by the negative price effect which stabilized in the six months to December 31.

In line with its objectives, in 2016 Saint-Gobain bought back and later canceled around 11 million shares for €418 million, resulting in a decrease in the number of shares outstanding to 553.4 million shares at end-December 2016 (compared to 558.6 million shares at end-December 2015).

The Board of Directors of Compagnie de Saint-Gobain has decided to recommend to the June 8, 2017 Shareholders' Meeting to pay in cash an increased dividend of €1.26 per share (vs. €1.24 in 2015), demonstrating a focus on shareholder returns in the context of the strong 2016 results and confidence looking ahead. This dividend represents 50% of recurring net income and a dividend yield of 2.85% based on the closing share price at December 30, 2016 (€44.255). The ex-dividend date has been set at June 12 and the dividend will be paid on June 14, 2017.

In 2017 the Group should benefit from a gradual improvement in France, despite a still uncertain renovation market. Western Europe should deliver organic growth, despite less visibility in the UK. North America should continue to advance in construction markets, excluding the exceptional weather impacts of 2016, but will continue to face uncertainty in industry. Our operations in Asia and emerging countries should enjoy robust growth. Saint-Gobain will continue its disciplined approach toward cash management and financial strength.

Finally, Wendel informed Saint-Gobain that it wished to scale back its representation on the Board of Directors of Compagnie de Saint-Gobain to two seats beginning with the Shareholders' Meeting scheduled for June 8, 2017 from the three seats specified in the agreements in effect, in line with the objective to reduce the size of the Board and because Wendel reduced its stake in Saint-Gobain's share capital in May 2016.

Oranje-Nassau Développement

Through Oranje-Nassau Développement, Wendel brings together opportunities for investment in growth, diversification and innovation. In particular, it has invested in France (Mecatherm), Germany (exceet), Japan (Nippon Oil Pump) and the United States (CSP Technologies), as well as in Africa (Saham Group, SGI Africa and Tsebo).

Mecatherm – Return to growth and profitability in 2016

(Full consolidation)

Mecatherm's sales totaled €118.7 million in 2016, marking a very clear recovery of 23.1% compared with 2015. The high level of organic growth reflected three factors: i) the 2015 base of comparison was unusually low, ii) the order book was well stocked at the start of the year following an exceptional year for business development in 2015, in particular in the Crusty segment, and iii) there were positive effects of the operational reorganization initiated in 2014.

With a large volume of purchase orders to be executed in the first half of 2016 and a slowdown in the rate of new order-taking into the summer of 2016, H2 sales and operating income were expected to be lower than they were in H1.

The new management team's action plans, initiated in 2014 when Mecatherm's operations were reorganized, started to pay off in 2016. As projected in 2015, these efforts returned the company to profitability right from Q1 2016, and profitability strengthened throughout the year. EBITDA for the full year stood at €13.7 million, vs. a loss of €11.8 million in 2015.

These developments also enabled the company to reduce net debt during the year. Receipts on transactions underway improved, and in H2 more rigorous cash management boosted down payments on orders to a high level.

The slowdown in new orders in H1 2016 will have an impact on sales in H1 2017. New orders have picked up since the summer of 2016, in particular in new geographic areas and in recently launched products. Mecatherm has scored these new business wins as a result of significant investment in sales & marketing over the last few years, which is expected to support Mecatherm's future growth. The improvement plans are continuing and are expected to improve Mecatherm's level of profitability.

CSP Technologies – Organic growth of 4.9%. Acquisition of Maxwell Chase Technologies

(Full consolidation since February 2015)

CSP Technologies ("CSP") posted sales of $126.7 million in 2016, representing total growth of 19.0%. Organic growth was 4.9%, driven mainly by the Healthcare & Diagnostics segment and penetration of new markets. External growth during the first half totaled 14.0%, reflecting consolidation of Maxwell Chase from mid-March 2016.

CSP generated adjusted EBIT[(1)] of $30.9 million in 2016, or 24.4% of sales. In addition to the aforementioned commercial growth, 2016 EBIT margin also benefited from the recognition of deferred revenues tied to deployment of a specific capital project, which is not expected to recur.

In March 2016, CSP Technologies finalized the acquisition of Maxwell Chase Technologies ("Maxwell Chase"), its first acquisition since Wendel's initial investment in January 2015. Maxwell Chase produces absorbent and non-absorbent packaging solutions for the agri-food industry. It represents a significant platform for further expansion into the food industry, in line with CSP's diversification and growth strategy. The integration of Maxwell Chase is proceeding according to plan.

Wendel has supported CSP in this strategic acquisition by making an additional investment of ca. $29 million. Wendel's equity investment in CSP Technologies now totals $227 million.

Finally, on March 2, 2017, CSP announced that it had repriced and upsized its "Term Loan B" facility. As part of the transaction, the size of Term Loan B was increased by $12 million to a total of $178 million, and the interest rate was reduced by 75 basis points to Libor +525 bps. Proceeds from the incremental Term Loan were used to repay outstanding borrowings on the existing $25 million revolving credit facility. As a result of the transaction, CSP expects to reduce its annual interest expense by approximately $1.3 million. As of December 31, 2016 CSP's net debt equaled $176.4 million.

Nippon Oil Pump (NOP) – Sales up 3.2%, profitability level restored

(Full consolidation)

NOP posted sales of ¥5,534 million in 2016, up 3.2% overall. Organic growth was 4.2% and exchange rate fluctuations had a negative impact of 1.0%.

While the historic Trochoid segment grew slightly, sales of Vortex pumps surged 72% compared with the previous year. This is a key product for NOP's international growth, in particular in Germany and India where the company opened offices in 2015. More globally, overseas sales saw a fresh kick start in Europe and India, albeit compensated by a setback in East Asia.

To restore profitability, NOP management has implemented a very strict cost control policy that has yielded an improved gross margin thanks to COGS reduction programs and a 7.1% decrease in SG&A. In total, it has resulted in a ¥1,029 million EBITDA in 2016, up 58.7% from last year, and an 18.6% margin vs. 12.1% the year before.

Finally, there was a change in management, as Toshihiko Shirabe, the former Vice-President for Japan, Korea and Greater China at Lloyd's Register, replaced Masato Nakao as CEO of NOP.

exceet – A firm base for an improvement in profitability

(Equity method – In accordance with IFRS 5, the results of the IDMS division for 2015 and 2016 have been included in exceet's "Net income from discontinued operations and operations held for sale", following the sale of this division as of September 30, 2016.)

Over all of 2016, sales of continuing activities totaled €135.3 million, down 0.8% (-0.2% excluding currency fluctuations) compared with 2015. EBITDA from continuing activities was €8.1 million, vs. €10.0 million in 2015, down 19%. Sales of Electronic Components, Modules & Systems (ECMS) were stable in 2016 at €126.1 million (2015: €126.8 million). In 2016 the company began large-scale production of new, contactless vital data measurement devices, developed jointly with exceet's customers. ECMS is expected to strengthen its market positions in 2017, through improvement in its production facilities and optimization of its production processes. exceet Secure Solutions (ESS) achieved sales of €9.2 million in 2016, vs. €9.6 million in 2015. ESS continues to focus on secure connectivity, based principally on IT security and Internet of Things solutions for the manufacturing industry.

Given current conditions, the company is confident it will return to organic growth during the year, with improvement between the first and second halves. Its order books inspire confidence, but the general economic environment and its impact on customer behavior could shake that confidence. With respect to operating profitability, as measured by EBITDA, the company probably hit a low point in 2016, and the measures implemented during the year should lead to better results in 2017.

As previously indicated, on February 14, 2017 Greenock Sàrl received a bid for its stake in exceet, priced between €3.90 and €4.00 per share. On March 10, 2017, Oranje-Nassau Participaties BV (Wendel Group) received a bid for its stake in exceet, priced at €4.10 per share. exceet has authorized the potential buyers to conduct due diligence on the company. However, as of April 11, 2017, the Board of Directors of exceet Group SE was not yet able to assess, whether the conditions precedent for the acquisition of Greenock's or Oranje-Nassau's stake by the potential buyers and for the potential tender offer to the shareholders of exceet Group SE will be met.

(1) *Before restatement of goodwill allocation, non-recurring items and management fees.*

Saham Group – Good performance in insurance activities and customer relationship centers

(unconsolidated, unaudited)

The Saham Group's consolidated 2016 sales totaled MAD 11,4 million, up 7% compared with 2015.

Insurance activities posted total growth of 7% over the year, thanks to robust organic growth of 6% as well as the contribution from Continental Re in Nigeria (acquired in June 2015). All insurance entities except Saham Angola Seguros, Gabon and Congo saw increases in gross premiums during the year, with sound organic growth of 15% in Morocco, in particular (ca. 41% of gross premiums). Saham Angola Seguros (ca. 9% of gross premiums) posted a 26% constant-currency decline in gross premiums written compared with 2015, in a very difficult macroeconomic context.

Customer relationship centers continued to perform well, with revenue growing 25% in 2016, owing in particular to significant new business wins at Phone Group in Morocco, Côte d'Ivoire and Senegal, as well as to fast growth at Ecco (acquired in March 2015) in Egypt.

Saham Group is also pursuing the growth and development of its Healthcare, Education and Real Estate businesses, with priority on Morocco. SANA Education (a joint venture between Saham and Tana Capital) operated three schools in Rabat and Casablanca in 2016. In addition, Saham continued to market its residential real-estate projects in Casablanca.

On December 14, 2016, Sanlam announced its intention to increase its stake in Saham Finances (the Saham Group's insurance arm) by 16.6% for $329 million. Once the transaction is complete, Sanlam will hold 46.6% of the share capital of Saham Finances.

Other significant events since the beginning of 2016

Rebalancing and portfolio turnover

Divestment of Parcours

On May 3, Wendel announced the sale of Parcours to ALD Automotive, Société Générale's long-term leasing subsidiary.

ALD Automotive acquired all of the shares of Parcours, valuing the shareholders' equity at €300 million. For Wendel the net proceeds of the transaction totaled €240.7 million. This amount represented around 2.2 times Wendel's initial investment and an IRR of around 18% p.a. since April 2011.

Prior to the sale, Parcours employed more than 450 people in five countries and achieved 2015 sales of €374 million. Since 2010, the fleet of vehicles managed by Parcours has increased by nearly 10% p.a. on average and the company's workforce has doubled.

Wendel sold 5.3% of the shares of Saint-Gobain and issued €500 million in exchangeable bonds

On May 3, Wendel sold 30 million Saint-Gobain shares for €1,155 million. As part of its share buyback program, Saint-Gobain participated in the placement by acquiring 10 million shares.

Following the adjustment to Wendel's stake and the cancellation of the shares repurchased by Saint-Gobain, Wendel now holds approximately 6.5% of Saint-Gobain's share capital(1) and approximately 11.1% of its voting rights. This holding enables Wendel to remain one of Saint-Gobain's significant shareholders under the existing Corporate governance agreements.

At the same time, Wendel successfully issued €500 million in bonds exchangeable into Saint-Gobain shares.

These bonds mature in 3.2 years and carry a premium of 35% over the share price at which the sale transaction was carried out, i.e. €51.98 per Saint-Gobain share. They were issued at par on May 12, 2016 and will be repaid on July 31, 2019.

First investment in African commercial real estate

On July 29, Wendel announced that it had finalized the acquisition of 40% of the capital of SGI Africa, alongside the CFAO group.

SGI Africa is a fast-growing, pan-African real-estate company created by CFAO to support its mass-market retailing business plan. SGI Africa develops and operates shopping centers primarily through the PlaYce brand. The company opened the first PlaYce shopping center in Côte d'Ivoire at the end of 2015 (PlaYce Marcory, Abidjan) and aims to expand into seven other West and Central African countries: Cameroon, Republic of the Congo, Nigeria, Ghana, Gabon, Senegal, and the Democratic Republic of Congo. Over the next 5-7 years, SGI Africa plans to build then operate 20 shopping centers, each including a Carrefour hypermarket or supermarket, as well as a portfolio of brands under franchise to CFAO. These projects represent an investment of around €500 million, which will be financed by shareholders' equity and bank debt.

The shareholders of SGI Africa now include Wendel (40% of the capital), CFAO (40%) and FFC (partnership between CDC International Capital and Qatar Investment Authority, 20%).

Through Oranje-Nassau Développement, Wendel made an initial investment of around €25 million in SGI Africa in July and will gradually invest up to €120 million over the next few years.

(1) Net of shares held in treasury.

Wendel has purchased €47.3 million in Bureau Veritas shares

In November 2016, Wendel purchased an additional 2.8 million Bureau Veritas shares that it does not intend to keep over the long term. The shares were purchased because Wendel believed their price had fallen too far, and was able to buy them at an average price of €17.05 per share. They will be sold when the share price better reflects Bureau Veritas' long-term growth prospects, in which Wendel has full confidence.

Gross debt reduced, maturity extended and cost of debt reduced:

- Wendel repaid all the bonds maturing on May 26, 2016, bearing interest at 4.875% and with a par value of €644 million;
- on May 12, Wendel issued €500 million in zero-coupon bonds exchangeable into Saint-Gobain shares;
- on October 11, Wendel successfully placed a €300 million bond issue maturing in April 2023, with a coupon of 1%;
- Wendel repurchased €1,037 million of bonds maturing in August 2017, April 2018, September 2019 and January 2021, premiums included.

These transactions have enabled Wendel to continue reducing the average cost of its bond debt to less than 3.0% on average, vs. 4.3% as of the beginning of the year. The average maturity of Wendel's debt as of December 31, 2016 was 4.5 years.

In addition, Wendel has announced the cancellation of a €350 million, undrawn bank line of credit with margin calls, maturing in December 2019. Wendel now has a total of €1.15 billion in undrawn lines, maturing between November 2019 and March 2020.

4.1.4 Consolidated balance sheet

The following table shows the principal changes that took place in the balance sheet in 2016. For the purposes of this analysis and to ease understanding, certain line items of a similar nature have been combined and only the net amount shown. Accordingly, financial debt is presented net of cash and cash equivalents, both pledged and unpledged, and Wendel's short-term financial investments. Financial assets and liabilities are also presented net of these items.

Assets *(in millions of euros)*	12/31/2016	12/31/2015	12/31/2014
Goodwill, net	3,669	4,305	2,701
Intangible assets and property, plant & equipment	3,875	4,298	2,671
Equity-method investments	2,413	3,727	3,553
Net working capital requirements	823	953	589
Assets and operations held for sale[1]	2	176	2
TOTAL	**10,782**	**13,459**	**9,516**

(1) In 2015, essentially the Parcours Group.

Liabilities and shareholders' equity *(in millions of euros)*	12/31/2016	12/31/2015	12/31/2014
Shareholders' equity – Group share	2,258	2,982	2,464
Non-controlling interests	1,039	973	629
Provisions	531	589	371
Net financial debt	6,035	8,019	5,558
Net financial assets and liabilities	442	371	238
Net deferred tax liabilities	477	525	257
TOTAL	**10,782**	**13,459**	**9,516**

4.1.5 Breakdown of principal variations in the consolidated balance sheet

In millions of euros	
GOODWILL AS OF DECEMBER 31, 2015	4,305
Business combinations (including Parcours and AlliedBarton)	-676
Currency fluctuations and other	40
GOODWILL AS OF DECEMBER 31, 2016	**3,669**

INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS OF DECEMBER 31, 2015	4,298
Investments	329
Sales	-33
Business combinations (including AlliedBarton, Constantia Flexibles and CSP Technologies)	-297
Depreciation and provisions recognized during the year	-460
Currency fluctuations and other	37
INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS OF DECEMBER 31, 2016	**3,875**

EQUITY-METHOD INVESTMENTS AS OF DECEMBER 31, 2015	3,727
Net re-investment in IHS	-57
New stake in Allied Universal	270
Investment in SGI Africa	26
Divestment of block of Saint-Gobain shares	-1,408
Share in net income for the year	-123
Dividends paid	-44
Impact of changes in currency translation adjustments	29
Other	-7
EQUITY-METHOD INVESTMENTS AS OF DECEMBER 31, 2016	**2,413**

CONSOLIDATED SHAREHOLDERS' EQUITY, GROUP SHARE, AS OF DECEMBER 31, 2015	2,982
Net income for the year	-367
Items of comprehensive income	-65
Dividend paid by Wendel	-99
Net share buybacks	-50
Currency translation reserves	49
Changes in scope of consolidation	-84
Other	-110
CONSOLIDATED SHAREHOLDERS' EQUITY, GROUP SHARE, AS OF DECEMBER 31, 2016	**2,258**

	Wendel and holding companies	Subsidiaries	Group total
NET FINANCIAL DEBT AS OF DECEMBER 31, 2015	3,452	4,567	8,019
Main cash flows of Wendel and its holding companies:			
"Recurring" operating expenses, management fees, and taxes[1]	52		
"Recurring" financing costs (excluding accounting effects) of Wendel and its holding companies[1]	158		
Bond debt repurchased	122		
Dividends paid	99		
Dividends received[2]	-184		
Merger of AlliedBarton	-359		
Purchase of Bureau Veritas shares	47		
Re-investment in IHS	42		
Investment in SGI Africa	26		
Divestment of block of Saint-Gobain shares	-1,155		
Divestment of Parcours	-241		
Main cash flows of subsidiaries			
Net Cash flow from operating activities		-1,385	
Net finance costs		222	
Net cash flows related to taxes		262	
Acquisition of shares by Bureau Veritas		182	
Acquisition of shares by Constantia Flexibles		36	
Acquisition of shares by CSP Technologies		40	
Acquisition of property, plant & equipment and intangible assets		327	
Dividends paid[2]		748	
Other cash flows			
Net purchase of treasury shares	50	43	
Impact of changes in the scope of consolidation		-1,191	
Other	25	50	
NET FINANCIAL DEBT AS OF DECEMBER 31, 2016	**2,133**	**3,901**	**6,035**

(1) *Cash flows from items in "Net income from operations" for Wendel and holding companies.*
(2) *Includes €90 million from Bureau Veritas and €48 million from Stahl, eliminated upon consolidation.*

NET FINANCIAL ASSETS AND LIABILITIES AS OF DECEMBER 31, 2015	-371
Fair value adjustment	8
Business combinations	-87
Earnouts, deferred payments and other financial liabilities of operating subsidiaries	-36
Minority puts and liabilities related to liquidity guarantees	-101
Liability related to co-investors in IHS	182
Other	-37
NET FINANCIAL ASSETS AND LIABILITIES AS OF DECEMBER 31, 2016	**-442**

4.2 Analysis of the parent company financial statements

4.2.1 Income statement

In millions of euros	2016	2015	2014
Income from investments in subsidiaries and associates	400	1,500	285
Other financial income and expense	-123	-135	-139
NET FINANCIAL INCOME (EXPENSE)	277	1,365	146
Operating income	-27	-28	-32
NET INCOME BEFORE EXCEPTIONAL ITEMS AND TAX	249	1,337	114
Exceptional items	-123	4	-2
Income taxes	9	-2	6
NET INCOME	**136**	**1,339**	**118**

Income before exceptional items and tax was €249 million in 2016 compared with €1,337 million in 2015. The change resulted essentially from the dividend of €400 million received from Oranje-Nassau Groep(1) vs. €1,500 million received from Trief Corporation(1) in 2015.

The 2016 exceptional loss mainly comprises an expense of €122 thousand resulting from the repurchase in 2016 of the 2017, 2018, 2019, and 2021 bond series.

The net tax "income" in 2016 corresponds to €12.2 million in income from the tax consolidation group less the 3% tax on distributed income.

(1) Subsidiaries 100%-held by Wendel SE.

4.2.2 Balance sheet

Assets *(in millions of euros)*	**12/31/2016**	**12/31/2015**	**12/31/2014**
Property, plant & equipment	2	2	3
Non-current financial assets	4,617	3,605	3,583
Net intra-Group receivables	3,012	5,339	3,389
Net WCR	5	12	31
Cash and marketable securities	1,299	825	1,070
Redemption premium	7	12	17
TOTAL ASSETS	**8,942**	**9,795**	**8,092**

Liabilities and shareholders' equity *(in millions of euros)*	**12/31/2016**	**12/31/2015**	**12/31/2014**
Shareholders' equity	5,453	5,505	4,250
Provisions	44	31	35
Financial debt	3,432	4,230	3,770
Issue premiums on borrowings	13	29	37
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**8,942**	**9,795**	**8,092**

Non-current financial assets increased by €1,012 million, principally as a result of the following factors:

- Trief Corporation's capital was increased by €1 billion through the contribution and capitalization of an intragroup receivable;
- in November 2016, the Company purchased Bureau Veritas shares for a total of €47.3 million;
- Wendel repurchased its own shares for a total of €59.1 million, and reduced its capital by €93.8 million by canceling shares.

Net receivables from subsidiaries decreased by €2,327 million as a result of the following factors:

- Wendel borrowed a total of €1,947 million from its subsidiaries, related mainly to:
  - proceeds from the sale of Saint-Gobain shares (€1,155 million) and Parcours shares (€241 million),
  - dividends from Bureau Veritas, Saint-Gobain, and Stahl received by its subsidiaries during the year (€183 million), and
  - a cash amount from AlliedBarton received by its subsidiaries (€387 million) when AlliedBarton merged with Universal;
- Wendel injected €1 billion of capital into its subsidiary Trief Corporation by offsetting an intragroup receivable;
- loans to subsidiaries:
  - €25.3 million to finance the acquisition of SGI Africa (commercial real estate in Africa) carried out in July 2016,
  - $46 million to finance the subscription of new shares in IHS (telecoms infrastructure in Africa);
- Wendel SE received an interim dividend of €400 million from Oranje-Nassau Groep paid through the shareholder loan account.

Shareholders' equity totaled €5,453 million at December 31, 2016, vs. €5,505 million at December 31, 2015. The change primarily reflected the following:

- net income for the period of €136 million;
- a cash dividend paid on 2015 earnings of €98.7 million (or €2.15 per share);
- a reduction in capital of €93.8 million through cancellation of 960,837 shares.

The main changes in financial debt (excluding intragroup items) in 2016 were:

- the issuance of bonds maturing on July 31, 2019 and exchangeable into Saint-Gobain shares, with a par value of €500 million and a coupon of 0%;
- the repayment of €644 million in bonds that matured in May 2016;
- the issuance of bonds maturing on April 20, 2023 with a par value of €300 million and a coupon of 1%;
- the repurchase of part of the Company's 2017, 2018, 2019, and 2021 bonds series, worth a total par value of €915 million.

4.3 Net asset value (NAV)

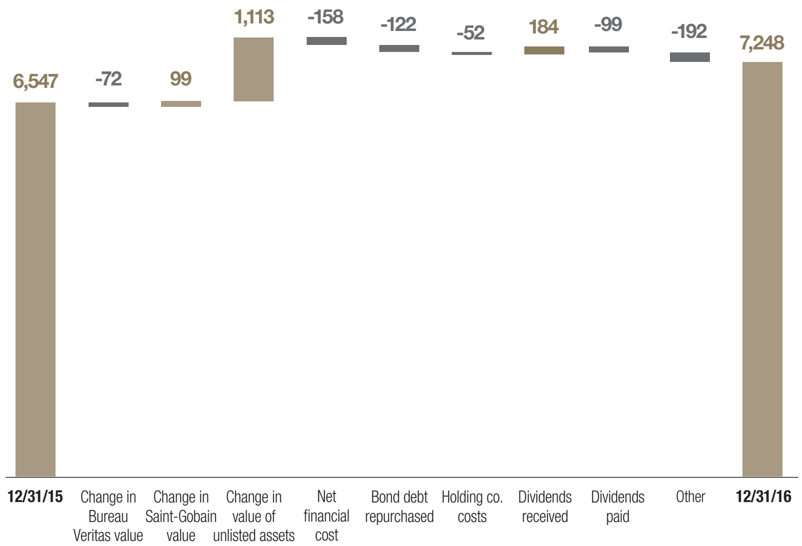
4.3.1 NAV as of December 31, 2016

NAV as of December 31, 2016, 2015 and 2014 broke down as follows:

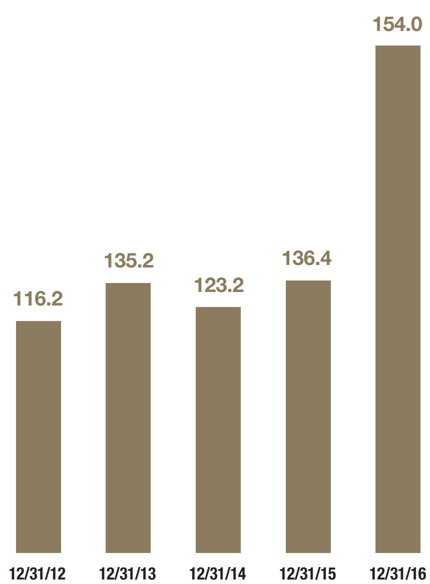
In millions of euros			12/31/2016	12/31/2015	12/31/2014
Listed equity investments	***Number of shares***	**Share price[(1)]**	**4,803**	**5,883**	**6,388**
■ Bureau Veritas	179.9/177.2/225.2 million	€18.1/€18.6/€18.2	3,263	3,287	4,102
■ Saint-Gobain	35.8/65.8/65.8 million	€43.0/€39.4/€34.7	1,540	2,596	2,286
Unlisted investments and Oranje-Nassau Développement[(2)]			4,473	3,891	2,083
Other assets and liabilities of Wendel and holding companies[(3)]			129	204	169
Cash and marketable securities[(4)]			1,319	799	1,185
Gross asset value			**10,725**	**10,777**	**9,826**
Wendel bond debt			-3,477	-4,230	-3,769
Value of puts issued on Saint-Gobain				-	-168
NET ASSET VALUE			**7,248**	**6,547**	**5,889**
Of which net debt			-2,158	-3,431	-2,752
Number of shares			47,092,379	47,992,530	47,796,535
NET ASSET VALUE PER SHARE			**€153.9**	**€136.4**	**€123.2**
Average of 20 most recent Wendel share prices			€113.7	€107.4	€92.1
PREMIUM (DISCOUNT) ON NAV			**-26.1%**	**-21.3%**	**-25.3%**

(1) Average share price of the 20 trading days prior to December 31, 2016 and 2015.
(2) As an exception to the NAV calculation methodology and to reflect the fast-growing nature of IHS's business, only the 2016 and 2017 EBITDA have been used in the calculation of IHS's valuation as of December 31, 2016. Allied Universal has been valued by peer-group multiples since the December 31, 2016 NAV.
(3) Includes 1,446,126 Wendel shares held in treasury as of December 31, 2016 and 1,963,301 as of December 31, 2015.
(4) Cash and marketable securities owned by Wendel and holding companies included €971 million in cash and €348 million in liquid and available financial investments as of December 31, 2016, and €470 million in cash and €329 million in liquid and available financial investments as of December 31, 2015.

Change in NAV



NAV per share in euros



4.3.2 NAV calculation method

4.3.2.1 Net asset value 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.

4.3.2.2 Presentation of NAV

Presentation format (publication at the level of detail indicated)	Comments
Equity investments valuation date	
+ Listed investments, including:	
▪ Bureau Veritas	
▪ Saint-Gobain	Average closing price over 20 trading days
+ Unlisted investments and Oranje-Nassau Développement	*Unlisted investments are valued using the method described below. exceet is valued on the basis of the average share price of the 20 trading days prior to the NAV calculation date.*
+ 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*
Bank debt with margin calls	*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.

4.3.2.3 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.

4.3.2.4 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 earnings by stock-market multiples of similar listed companies.

The measures of earnings 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.

For the first half of the year, the enterprise value corresponds to the average of the values calculated using EBITDA and EBIT of the previous year and the budget (or budget update) for the current year. For the second half of the year, including for the calculation as of December 31, the next year is also taken into account, because there is sufficient visibility on the end of the current year and the following year can be estimated satisfactorily. For the second half, therefore, the enterprise value is the average of the values calculated for three periods: the most recently audited fiscal year, the entire current year and the following year.

Stock-market multiples of comparable companies are obtained by dividing their enterprise value by their EBITDA or EBIT for the reference periods.

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 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 at each date.

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 comparison is not accurate, other methods may be used, depending on the nature of the business, the characteristics of the asset and market practices. These include expert appraisals, valuation by discounted future cash flows, sum of the parts, and other methods.

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.

Price of dilutive capital transactions

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.

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.

4.3.2.5 Cash

Cash of Wendel and its holding companies includes available cash at the valuation date (including liquid financial investments) and pledged cash.

4.3.2.6 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.

4.3.2.7 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.

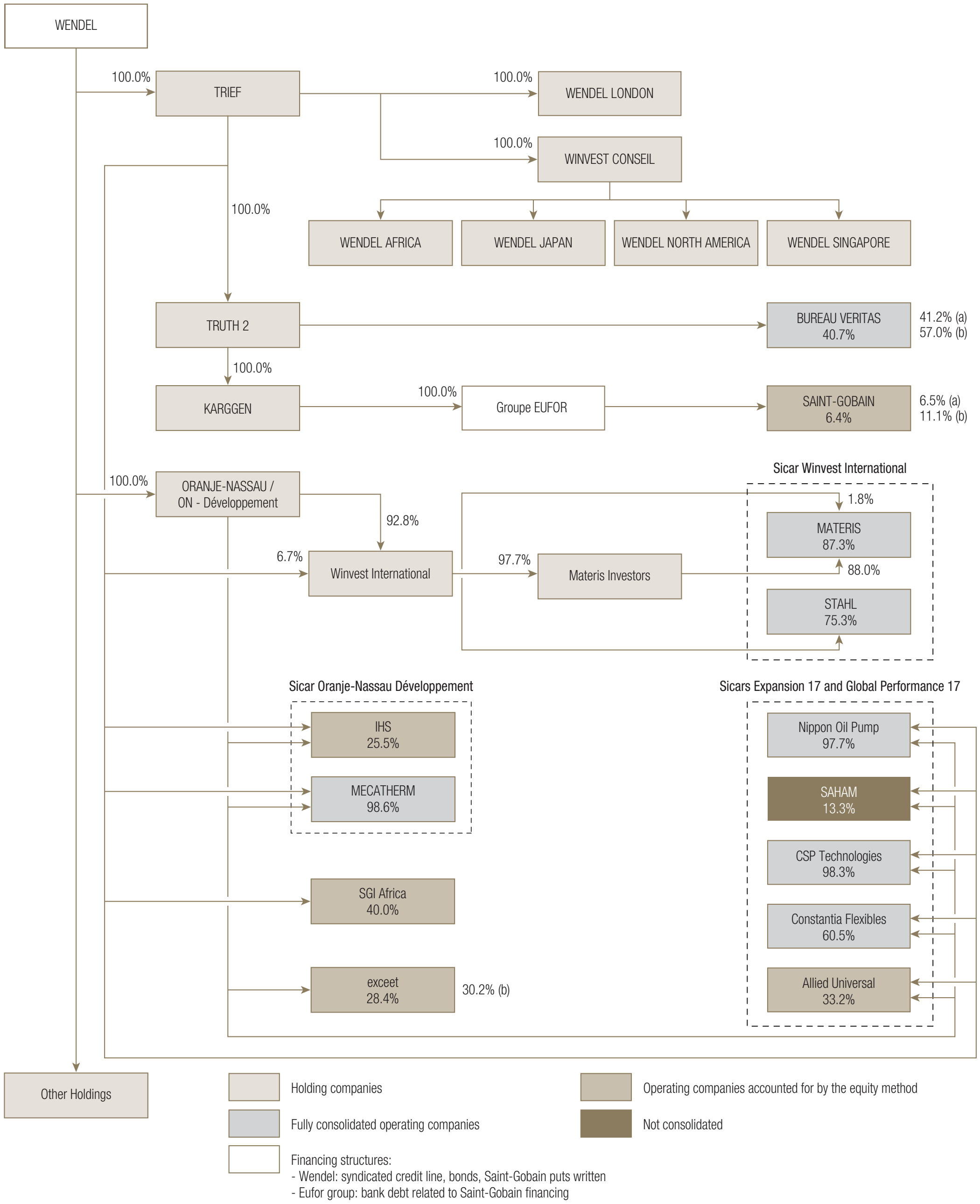
Shares held in treasury and earmarked for sale upon the exercise of stock options are valued at the lower of the strike price of the options or the average price of the shares over the last 20 trading days. Shares held to cover performance share plans are valued at zero. Other shares held in treasury 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.

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.

4.4 Simplified organization chart as of December 31, 2016

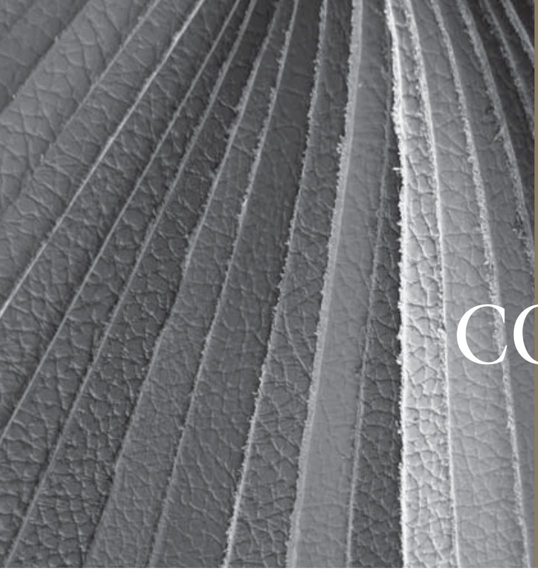


a) Percentage interest after taking into account shares held in treasury.
b) Percentage of exercisable voting rights.

Other holding companies

These intermediary holding companies serve, among other things, to finance and hold Group equity investments.

Company name (shareholders)	Intermediate holding companies held
AFRICA TELECOM TOWERS (59.6% Oranje-Nassau Développement SA Sicar)	-
ALLIED UNIVERSAL LUX (100% Global Performance 17/Expansion 17)	-
COBA (100% Wendel)	-
CONSTANTIA COINVESTCO GP SARL (100% Winvest Conseil)	
FROEGGEN (100% Trief Corporation)	-
GLOBEX AFRICA 1 (100% Global Performance 17/Expansion 17)	-
GRAUGGEN (100% Eufor)	-
HIRVEST 3 (100% Eufor)	-
HOURGGEN (100% Eufor)	-
IREGGEN (100% Eufor)	-
JEURGGEN (100% Eufor)	-
MECATHERM GUARANTCO (100% Trief Corporation)	-
NOP EUROPE (100% Oranje-Nassau Développement NOP)	
ORANJE-NASSAU DEVELOPMENT BV (100% Oranje-Nassau Groep)	53.11% Oranje-Nassau Développement SA SICAR
	100% Oranje-Nassau Participaties BV
	45.8% Oranje-Nassau Parcours
	57.7% Oranje-Nassau Mecatherm
ORANJE-NASSAU DEVELOPPEMENT NOP (100% Global Performance 17/Expansion 17)	100% NOP Europe
ORANJE-NASSAU GP (100% Winvest Conseil)	
ORANJE-NASSAU INVESTMENTS BV (100% Oranje-Nassau Groep)	49.8% Expansion 17
	49.8% Global Performance 17
	92.8% Winvest International SA SICAR
ORANJE-NASSAU MECATHERM (57.7% Oranje-Nassau Development BV, 40.9% Trief Corporation)	-
ORANJE-NASSAU PARCOURS (45.8% Oranje-Nassau Development BV, 46.6% Trief Corporation, 7.6% Sofiservice)	-
ORANJE-NASSAU PARTICIPATIES BV (100% Oranje-Nassau Development BV)	-
PARFIMAT (63.4% Materis Investors)	-
SOFISAMC (100% Trief Corporation)	-
SOFISERVICE (100% Wendel)	-
VIGILANT AU LLC (100% Allied Universal Lux)	
WIN SECURITIZATION 2 (100% Trief Corporation)	-



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CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2016

5.1 Balance sheet - Statement of consolidated financial position

Assets

In millions of euros	Note	12.31.2016	12.31.2015
Goodwill, net	6 and 7	3,669.3	4,305.0
Intangible assets, net	6 and 8	2,238.8	2,705.3
Property, plant & equipment, net	6 and 9	1,635.9	1,592.7
Non-current financial assets	6 and 13	385.5	469.6
Pledged cash and cash equivalents	6 and 12	0.7	34.6
Equity-method investments	6 and 10	2,413.2	3,726.8
Deferred tax assets	6	200.9	196.8
TOTAL NON-CURRENT ASSETS		**10,544.2**	**13,030.8**
Assets of operations held for sale	**6**	**2.0**	**970.8**
Inventories	6	508.5	485.8
Trade receivables	6 and 11	1,899.0	2,044.0
Other current assets	6	283.6	264.5
Current income tax assets	6	70.5	73.1
Other current financial assets	6 and 13	442.2	421.3
Cash and cash equivalents	6 and 12	2,561.3	1,188.6
TOTAL CURRENT ASSETS		**5,765.0**	**4,477.3**
TOTAL ASSETS		**16,311.2**	**18,478.9**

Liabilities

In millions of euros	Note	12.31.2016	12.31.2015
Share capital		188.4	192.0
Share premiums		36.3	31.7
Retained earnings & other reserves		2,399.8	2,904.5
Net income for the period – Group share		-366.8	-146.2
		2,257.7	**2,982.0**
Non-controlling interests		1,039.4	972.5
TOTAL SHAREHOLDERS' EQUITY	**14**	**3,297.1**	**3,954.5**
Long-term provisions	6 and 15	465.3	453.4
Financial debt	6 and 16	7,577.7	8,660.9
Other non-current financial liabilities	6 and 13	518.2	748.4
Deferred tax liabilities	6	677.9	722.0
TOTAL NON-CURRENT LIABILITIES		**9,239.1**	**10,584.6**
Liabilities of operations held for sale	**6**	**0.0**	**794.3**
Short-term provisions	6 and 15	66.1	136.0
Financial debt	6 and 16	1,367.2	910.3
Other current financial liabilities	6 and 13	403.1	184.6
Trade payables	6	850.2	785.0
Other current liabilities	6	984.2	1,034.3
Current income tax payable	6	104.1	95.2
TOTAL CURRENT LIABILITIES		**3,774.9**	**3,145.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**16,311.2**	**18,478.9**

Pursuant to IFRS 5, "Non-current assets held for sale and discontinued operations", the assets and liabilities of the Parcours Group have been reclassified as "Assets and liabilities of operations held for sale" as of December 31, 2015 (see note 2 "Changes in scope of consolidation").

The notes to the financial statements are an integral part of the consolidated statements.

5.2 Consolidated income statement

In millions of euros	Note	2016	2015
Net sales	6 and 17	8,283.6	7,683.4
Other income from operations		20.9	9.6
Operating expenses		-7,484.3	-6,921.2
Gains/losses on divestments		3.0	-4.1
Assets impairment		1.2	-105.9
Other income and expense	18	-99.6	-94.3
OPERATING INCOME	**6 AND 18**	**724.8**	**567.5**
Income from cash and cash equivalents		26.8	43.9
Finance costs, gross		-391.0	-399.2
Finance costs, net	*6 and 19*	*-364.2*	*-355.3*
Other financial income and expense	6 and 20	-131.4	-10.5
Tax expense	6 and 21	-199.8	-211.0
Net income (loss) from equity-method investments	6 and 22	-268.6	25.6
NET INCOME (LOSS) FROM CONTINUING OPERATIONS		**-239.2**	**16.4**
Net income from discontinued operations and operations held for sale	23	98.2	8.1
NET INCOME		**-141.1**	**24.5**
Net income - non-controlling interests		225.7	170.7
NET INCOME – GROUP SHARE		**-366.8**	**-146.2**

In euros	Note	2016	2015
Basic earnings per share	24	-8.05	-3.17
Diluted earnings per share	24	-8.38	-3.43
Basic earnings per share from continuing operations	24	-10.23	-3.33
Diluted earnings per share from continuing operations	24	-10.55	-3.55
Basic earnings per share from discontinued operations	24	2.17	0.17
Diluted earnings per share from discontinued operations	24	2.17	0.12

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations":

- the contribution by AlliedBarton for the seven-month period leading up to the merger date, as well as its gain on divestment, are reclassified on the line of the income statement "Net income from discontinued operations and operations held for sale" in 2016 (see note 2 "Changes in scope of consolidation") and the 2015 statements reported and comparative;
- the gain on divestments by Parcours as well as the contribution by the Parcours group for 2015 and for the four-month period up to its actual divestment date in 2016, are presented as "Net income from operations held for sale" (see note 2, "Changes in scope of consolidation".

The notes to the financial statements are an integral part of the consolidated statements.

5.3 Statement of comprehensive income

In millions of euros	2016 Gross amounts	2016 Tax effect	2016 Net amounts	2015 Gross amounts	2015 Tax effect	2015 Net amounts
Items recyclable into net income						
Currency translation reserves [1]	84.3	-	84.3	70.7	-	70.7
Gains and losses on qualified hedges [2]	-43.8	0.1	-43.7	16.9	-11.4	5.6
Gains and losses on assets available for sale [3]	8.7	-	8.7	43.3	-	43.3
Earnings previously recognized in shareholders' equity taken to the income statement	3.0	-0.2	2.8	4.2	-1.3	2.9
Items non-recyclable into net income						
Actuarial gains and losses [4]	-52.4	11.8	-40.6	12.3	-7.4	4.9
Other	-3.1	-	-3.1			
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (A)	**-3.3**	**11.7**	**8.4**	**147.4**	**-20.0**	**127.4**
Net income for the period (B)			-141.1			24.5
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)			**-132.6**			**151.9**
Attributable to:						
■ shareholders of Wendel			-382.2			-4.0
■ non-controlling interests			249.6			155.9

(1) *This item includes contributions by Bureau Veritas for €52.3 million, from IHS for €12.4 million, and a negative contribution by Saint-Gobain for - €13.8 million.*
(2) *Of which -€39.2 million related to the change in the fair value of Cross Currency Swaps recorded by Wendel (see note 5-5.1 "Managing currency risk – Wendel").*
(3) *The main impact is connected to changes in the fair value of Saham Group shares, for an increase of €8.2 million (see note 13-3 "Details of financial assets and liabilities").*
(4) *The main impact involves Saint-Gobain: -€23.7 million (excluding taxes, Wendel's share).*

The notes to the financial statements are an integral part of the consolidated statements.

5.4 Changes in shareholders' equity

In millions of euros	Number of shares outstanding	Share capital	Share premiums	Treasury shares	Retained earnings & other reserves	Currency translation adjustments	Group share	Non-controlling interests	Total shareholders' equity
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2014	**46,034,587**	**191.2**	**23.2**	**-157.9**	**2,485.7**	**-78.7**	**2,463.5**	**628.9**	**3,092.4**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	54.4	87.9	142.2	-14.8	127.4
Net income for the period (B)					-146.2	-	-146.2	170.7	24.5
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B) (1)		**-**	**-**	**-**	**-91.9**	**87.9**	**-4.0**	**155.9**	**151.9**
Dividends paid (2)					-92.6		-92.6	-146.6	-239.2
Movements in treasury shares	-201,353			-45.4			-45.4	-	-45.4
Capital increase								-	
▪ exercise of stock options	177,745	0.7	7.0				7.7	-	7.7
▪ company savings plan	18,250	0.1	1.5				1.6	-	1.6
Share-based payments					16.2		16.2	11.8	27.9
Changes in scope of consolidation (3)					671.5	6.0	677.5	522.7	1,200.2
Other					-38.5	-4.0	-42.5	-200.1	-242.6
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2015	**46,029,229**	**192.0**	**31.7**	**-203.3**	**2,950.3**	**11.2**	**2,982.0**	**972.5**	**3,954.5**
Income and expenses recognized directly in shareholders' equity (A)		-	-	-	-64.8	49.4	-15.4	23.9	8.4
Net income for the period (B)					-366.8	-	-366.8	225.7	-141.1
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B) (1)		**-**	**-**	**-**	**-431.5**	**49.4**	**-382.2**	**249.6**	**-132.6**
Dividends paid (2)					-98.7		-98.7	-251.7	-350.4
Movements in treasury shares	-443,662	-3.8	-	-46.0	-	-	-49.9	-	-49.9
Capital increase								-	-
▪ exercise of stock options	37,200	0.1	2.8				3.0	-	3.0
▪ company savings plan	23,486	0.1	1.7				1.8	-	1.8
Share-based payments					20.7		20.7	16.1	36.7
Changes in scope of consolidation (3)					-71.2	-12.5	-83.6	-49.8	-133.4
Other (4)					-120.1	-15.2	-135.3	102.8	-32.5
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2016	**45,646,253**	**188.4**	**36.3**	**-249.3**	**2,249.5**	**32.9**	**2,257.7**	**1,039.4**	**3,297.2**

(1) See "Statement of comprehensive income".
(2) In 2016, Wendel paid a cash dividend of €2.15 per share, for a total of €98.7 million. In 2015, Wendel paid a dividend of €2 per share, for a total of €92.6 million.
(3) Changes in scope of consolidation include the impacts connected with the acquisition of Bureau Veritas shares for €37.6 million as the Group share and a change of €9.2 million for the minority share. In 2015, this item included €727.5 million in gains on divestment from Bureau Veritas shares. The changes in scope of consolidation are broken down in note 2 "Changes in scope of consolidation".
(4) Other changes include the impact of the puts by minority shareholders as well as the impact of liquidities granted under co-investments (see note 34 "Off-balance-sheet commitments").

The notes to the financial statements are an integral part of the consolidated statements.

5.5 Consolidated cash flow statement

In millions of euros	Note	2016	2015
Cash flows from operating activities			
Net income		-141.1	24.5
Share of net income/loss from equity-method investments		268.6	-25.6
Net income from discontinued operations and operations held for sale		-98.2	-14.6
Depreciation, amortization, provisions and other non-cash items		565.7	622.3
Expenses on investments and divestments		3.6	17.2
Cash flow from companies held for sale		4.1	201.6
Gains/losses on divestments		-1.8	4.1
Financial income and expense		495.6	370.4
Taxes (current & deferred)		199.8	211.0
Cash flow from consolidated companies before tax		1,296.3	1,411.0
Change in working capital requirement related to operating activities		39.3	24.2
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX	**6**	**1,335.6**	**1,435.2**
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets	25	-329.0	-707.1
Disposal of property, plant & equipment and intangible assets	26	14.4	102.6
Acquisition of equity investments	27	-410.6	-2,447.5
Disposal of equity investments	28	1,460.1	1,078.2
Impact of changes in scope of consolidation and of operations held for sale	29	-30.0	131.3
Changes in other financial assets and liabilities and other	30	296.7	-191.6
Dividends received from equity-method investments and unconsolidated companies	31	46.5	87.3
Change in working capital requirements related to investment activities		-43.3	23.6
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX	**6**	**1,004.7**	**-1,923.4**
Cash flows from financing activities, excluding tax			
Proceeds from issuance of shares		4.8	9.4
Contribution of non-controlling shareholders	32	1.0	271.0
Share buybacks:			
■ Wendel		-49.9	-45.4
■ Subsidiaries		-42.9	-45.2
Dividends paid by Wendel		-98.7	-92.6
Dividends paid to non-controlling shareholders of subsidiaries		-250.8	-146.6
New borrowings	33	2,265.5	2,911.8
Repayment of borrowings	33	-1,980.9	-1,603.9
Net finance costs		-394.6	-383.9
Other financial income/expense		-142.9	-61.5
Change in working capital requirements related to financing activities		-45.4	-28.3
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX	**6**	**-734.8**	**784.7**
Cash flows related to taxes			
Current tax expense		-268.6	-280.3
Change in tax assets and liabilities (excl. deferred taxes)		-0.4	9.1
NET CASH FLOWS RELATED TO TAXES	**6**	**-269.0**	**-271.2**
Effect of currency fluctuations		2.3	4.9
Net change in cash and cash equivalents		1,338.8	30.1
Cash and cash equivalents at beginning of period		1,223.2	1,193.0
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**6 AND 12**	**2,562.0**	**1,223.2**

The principal components of the consolidated cash flow statement are detailed beginning in note 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”.

The cash flows of AlliedBarton were retained within each of the cash flow line items up until June 30, 2016, the date on which the entity was reclassified as an “Operation held for sale”, i.e. the closing date closest to the signing date of the merger agreement described in note 2 “Changes in scope of consolidation”. Only the cash balance of €38.7 million as of June 30, 2016 was reclassified to “Impact of changes in scope of consolidation and of operations held for sale”.

The cash flows of Parcours, which was classified in operations held for sale as of December 31, 2015, was maintained in each of the cash flow categories for the whole of 2015. Cash as of December 31, 2015 was reclassified and entered in the line “Impact of changes in scope of consolidation and of operations held for sale” in the amount of €21.5 million.

The notes to the financial statements are an integral part of the consolidated statements.

5.6 General principles

Wendel is a European company with an Executive Board and a Supervisory Board, governed by European and French legislative and regulatory provisions that are or will be in force. The Company is registered on 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, 2016, the Wendel Group primarily comprised:

- operating companies that are fully consolidated: Bureau Veritas (41.2% net of treasury shares), Cromology (87.3%) [(1)] which in turn is composed of the holdings Materis and Cromology, Stahl (75.3%), AlliedBarton [(2)], Constantia Flexibles (60.5%) and the companies grouped under Oranje-Nassau Développement: Mecatherm (98.6%), Nippon Oil Pump (97.7%), CSP Technologies (98.3%) and Parcours (99.1%) [(2)];
- operating companies consolidated by the equity method: Saint-Gobain (6.5% net of treasury shares), IHS (25.5%), Allied Universal (33.2%) (see note 2 "Changes in scope of consolidation"), exceet (28.4% net of treasury shares) and SGI Africa (40.0%) (see note 2 "Changes in scope of consolidation"), the last two entities are grouped under Oranje-Nassau Développement;
- 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, 2016 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;
- the notes to the financial statements.

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 5-2.2.2 "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 14, 2017 and will be submitted for shareholders' approval at the General Meeting of Shareholders.

(1) This is the percentage held from a legal point of view. For consolidation purposes, Cromology has been consolidated with a holding of 90%. This percentage includes the shares held by Cromology managers and Materis former managers that might be repurchased in the context of the liquidity to be offered to them in 2017 (see note 34-6, "Shareholder agreements and co-investment mechanisms").
(2) AlliedBarton and Parcours are classified under "Assets and Liabilities of operations held for sale" in 2015 and 2016.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: DETAILED CONTENTS

5.7 Notes

NOTE 1 Accounting principles

Wendel's consolidated financial statements for the fiscal year ended December 31, 2016 have been prepared in accordance with IFRS (International Financial Reporting Standards) principles and methods as adopted by the European Union on December 31, 2016, 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.

Except for the adoption of new standards and mandatory enforcement interpretations for the years beginning on January 1, 2016, the accounting principles used are the same as those used in preparing the annual consolidated financial statements for the year ended December 31, 2015, corresponding to the IFRS reference as adopted by the European Union, which is available on the EU Commission website:

"http://ec.europa.eu/finance/company-reporting/standards-interpretations/index_fr.htm"

Note 1-1 Standards, interpretations and amendments to existing standards that were mandatory in 2016

The Group has adopted standards and texts applicable from the fiscal year beginning on January 1, 2016. These standards, interpretations and amendments are listed below:

- Amendments to IAS 1 "Disclosure Initiative";
- Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions";
- Amendments to IAS 16 and 38 "Acceptable methods of depreciation and amortization";
- Amendments to IAS 27 "Equity method in separate financial statements";
- Amendments to IFRS 11 "Acquisition of an interest in a joint operation".

These items did not have a significant impact on the Group's financial statements.

Note 1-2 Standards, interpretations and amendments to existing standards, for which early adoption was not applied in the 2016 financial statements

Standards, interpretations and amendments to existing standards, for which early adoption was not applied in the 2016 financial statements

In general the Group has not opted for early adoption of standards and interpretations applicable to accounting periods beginning on or after January 1, 2017. In particular, the Group has not applied the amendments and standards presented below, to fiscal year 2016, which might more particularly concern it:

- IFRS 9 "Financial instruments": this new standard aims to replace IAS 39, "Financial instruments: recognition and measurement". This standard must mandatorily be applied for fiscal periods opened starting not later than January 1, 2018;
- IFRS 15 "Revenue from contracts with customers": the standard specifies the rules for the recognition of revenue, regardless of the types of contracts entered into by the entity with its customers. This standard must mandatorily be applied for fiscal periods opened starting not later than January 1, 2018. Wendel Group companies reviewed the impact of IFRS 15 on the principles of recognition of their various types of contracts, in particular, Bureau Veritas and Mecatherm. Regarding Bureau Veritas, revenue from short-term contracts, currently recognized after the end of the work, must be deferred up until the issuance of the report, for contracts which do not give an enforceable right to payment for the services rendered as of the closing date. For the other contracts, in particular, in Marine & Offshore, and Construction and Industry operations, the percentage-of-completion method, currently being used, should be maintained in most cases.

  Mecatherm, which now recognizes revenue utilizing the percentage-of-completion method for a portion of its long-term contract operations, and upon completion, for after-sales service operations, reviewed the consequences of IFRS 15 on its practices and its organization.

Existing standards, interpretations and amendments which could not be early adopted in 2016, in the absence of adoption by the European Union

The Wendel Group is currently assessing the potential impact of the application of these texts on its financial statements:

- IFRS 16, "Leases", published in January 2016 by the IASB and not yet adopted by the European Commission. This standard is mandatory for fiscal periods starting no later than January 1, 2019.

Note 1-3 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.

Note 1-4 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, 2016 of Bureau Veritas, Constantia Flexibles, Cromology, IHS, Saint-Gobain, Stahl, CSP Technologies, exceet, Mecatherm, Nippon Oil Pump (the last four companies are included in the Oranje-Nassau Développement sub-group);
- the consolidated financial statements of AlliedBarton for the 7-month period up to the date of its merger with Universal Services of America, i.e. from January 1 to July 31, 2016;
- the consolidated financial statements of Allied Universal for the 5-month period following the merger of AlliedBarton with Universal Services of America, i.e. from August 1 to December 31, 2016;
- the consolidated financial statements of Parcours for the 4-month period up to its disposal, i.e. from January 1 to April 30, 2016;
- the consolidated financial statements of SGI Africa for the 5-month period following the acquisition, i.e. from August 1 to December 31, 2016;
- for all other companies, their individual financial statements for the 12-month fiscal year ended December 31, 2016.

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 2016 are presented in note 2 "Changes in scope of consolidation". The main subsidiaries consolidated as of December 31, 2016 are presented in note 38 "List of principal consolidated companies".

Note 1-5 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 the 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.

As a result, in the event of a takeover in 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 1-6 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, 2016, 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 a decrease in shareholders' equity, Group share: the difference between the estimated exercise price of the purchase commitments granted and the carrying amount of non-controlling interests is recorded as a deduction from the Group share of consolidated 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 1-7 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 1-8 Conversion of the financial statements of foreign companies, for which the 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 recorded 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	
	December 31, 2016	December 31, 2015	2016	2015
EUR/USD	1.0541	1.0887	1.1062	1.1091

Note 1-9 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 based on Group management's past experience 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 uncertain global economic picture 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 1-10 Measurement rules

Note 1-10.1 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, in particular, a significant or prolonged decline in the share price of a listed company, a difference in net income compared with budget, or a deterioration in the environment in which a company operates. For these tests, goodwill is broken down by Cash Generating Units (CGUs); each operating subsidiary (Bureau Veritas, Constantia Flexibles, Cromology, Stahl, CSP Technologies, Mecatherm and Nippon Oil Pump) corresponding 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 1-10.2 Intangible assets

1. Brands of the Bureau Veritas, Cromology and Mecatherm 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 relations of the Bureau Veritas, Constantia Flexibles, Cromology, CSP Technologies and Nippon Oil Pump groups

The value of these assets corresponds to the margin expected to be generated over the residual lives of contracts in force at the date Wendel assumed control, taking into account contract renewals where such renewals are considered probable based on historical statistical data. These contracts and client relationships are therefore amortized over the period used for the calculation of each contract category (from 5 to 23 years, depending on the contract and subsidiary).

Note 1-10.3 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 1-10.4 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.

Assets that the Wendel Group has acquired under long-term or other leases where the risks and rewards of ownership have been substantially transferred to the Group are accounted for as finance leases and are depreciated on a straight-line basis over their estimated useful life, as described above.

Note 1-10.5 Impairment of property, plant & equipment and intangible 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 1-10.6 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 34-6 "Shareholder agreements and co-investment mechanisms"). Financial assets and liabilities are recognized and measured in accordance with IAS 39 "Financial instruments: recognition and measurement". In accordance with IFRS 13 "Fair value measurement", the value of financial assets and liabilities was adjusted for the impact of Wendel's own credit risk.

1. Financial assets at fair value through profit or loss

These assets include short-term financial investments without the characteristics of cash equivalents. These assets are measured at market value at the balance sheet date, and gains and losses arising from changes in value are recognized through the income statement.

2. Financial assets available for sale

In accordance with IAS 39-9, classifying a financial asset as available for sale does not necessarily mean that the Wendel Group actually intends to sell it. This category includes all non-derivative financial assets that are designated as available for sale or that are not classified in any of the other categories of financial assets.

They have been measured at fair value, and gains or losses arising from changes in fair value are recognized under shareholders' equity. Any significant or prolonged decline in the fair value of these financial assets below their acquisition cost gives rise to an additional impairment provision on the income statement. This impairment cannot be written back through the income statement, except in the event of sale.

3. Assets held until maturity and loans and receivables

These instruments are stated at amortized cost using the effective interest method. Their carrying amount represents outstanding principal, adjusted for any non-amortized acquisition costs, premiums or discounts. They are tested for recoverable value whenever there is an indication that their recoverable amount might be lower than their carrying value. Any impairment loss is recognized on the income statement.

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 34-6 "Shareholder agreements and co-investment mechanisms"), all borrowings and other financial liabilities are stated at amortized cost using the effective interest 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 a net investment in a foreign business can be designated as hedging instruments, as long as they meet the criteria of IAS 39 "Financial instruments: recognition and measurement". These hedges help offset fluctuations in value due to conversion 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 outset;
- 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;
- for net investment hedges, the portion of a gain or loss that is considered effective in the hedge of a net investment in a foreign business is recognized directly in shareholders' equity. The ineffective portion is immediately recognized on the income statement. 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 1-10.7 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 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 2016, there were no transfers between levels 1 and 2, or transfers to or from level 3, of fair value measurements of financial instruments.

Note 1-10.8 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 1-10.9 Cash and cash equivalents (pledged and unpledged)

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 and are subject to an insignificant risk of a change in value. 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 1-10.10 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 1-10.11 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 1-10.12 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.

The companies in the Wendel Group took into account the announcement of the gradual reduction in corporate income tax in France for the December 31, 2016 closing.

Note 1-10.13 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 1-10.14 Assets held for sale and businesses being divested

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 being divested 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 1-10.15 Revenue recognition

Revenue from the sale of goods is recognized under net sales when the significant risks and rewards of ownership are substantially transferred to the buyer.

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. 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.

The Mecatherm Group also 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 increment in the percentage of completion, applied to the total forecast income from the contract, represents the profit margin recognized in the period.

Note 1-10.16 Translation of 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 transactions 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 1-10.17 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.

Wendel uses a binomial model to determine the fair value of options and performance shares granted. In 2016, as in previous fiscal years, Wendel's plans were valued by an independent appraiser.

Note 1-10.18 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 as part of a disposal or an IPO, or as cash under liquidity commitments by the Wendel Group after the lapse of a predetermined period.

Until the redemption method is known, the investments are accounted for based on the method thought to be the 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. As the beneficiaries usually invest at fair value of the subscribed or acquired instruments, there is no initial advantage and therefore no expense is recognized.

When the investments are most likely to be redeemed in cash, under Wendel's repurchase commitments after the lapse 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.

As of December 31, 2016, liquidity windows have led to the recognition of a financial liability and an amount for the difference between the value of this liability and the share of the corresponding non-controlling reserves, since a cash settlement is considered as the most probable settlement. Wendel believes that the other co-investments are most likely to be redeemed as part of a divestment of the investments concerned or as part of an IPO of these investments. Liquidity commitments under minority puts and co-investments, as well as the corresponding amounts recorded in financial liabilities, are set out in note 34-6 "Shareholder agreements and co-investment mechanisms".

Note 1-11 Presentation rules

Note 1-11.1 Balance sheet presentation

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 1-11.2 Income statement presentation

"Operating income" includes income and expenses not resulting from financial activities, equity-method investments, discontinued activities, activities held for sale, and income tax.

"Other income and expenses" corresponds to the impact of limited, unusual, abnormal, or infrequent events. They include restructuring charges and provisions for claims and litigations.

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.

1. 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". According to IFRIC, 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.

2. Taxes: treatment of the CICE tax credit

According to Wendel's analysis, the Employment Competitiveness Tax Credit (CICE) does not meet the definition of an income tax, as defined in IAS 12.2 "Income taxes". Wendel therefore deducts the CICE tax credit from personnel costs.

The CICE tax credit is presented within "Operating expenses".

Note 1-11.3 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. In accordance with the "treasury stock" method, it is assumed that the cash received from the exercise of dilutive instruments would 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 scope of consolidation in fiscal year 2016

The scope of consolidation of Wendel Group is set out in note 38 "List of principal consolidated companies as of December 31, 2016".

Note 2-1.1 Disposal of the Parcours Group (long-term vehicle leasing to corporate customers)

On May 3, 2016, the Group finalized the sale of the Parcours Group to ALD Automotive, a subsidiary of the Société Générale Group. Under the transaction, Parcours' equity was measured at €300 million. Net proceeds from the sale for the Wendel Group amounted to €240.7 million. This corresponds to about 2.2x Wendel's total investment (cash on cash); i.e. a capital gain of €129.3 million on its investment and an IRR of around 18% since April 2011.

Parcours' net income was consolidated in "Net income of operations held for sale" until April 30, 2016, the closing date of Parcours closest to the date of the sale, for an amount of €42.9 million, after the discontinuation of depreciation in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations". The net gain from this divestment was recognized under this same item in the income statement in the amount of €38.9 million. Excluding the end of amortization, net income for the period came to €3.5 million and the capital gain to €78.3 million. The contribution of Parcours to net income in fiscal year 2015 presented for comparison was also reclassified to this item.

For information, net sales generated by Parcours in 2015 amounted to €374 million and pre-tax income came to €28 million.

Note 2-1.2 Investment in Saint-Gobain (production, transformation and distribution of building materials)

In 2016, Wendel's percentage stake in Saint-Gobain varied for a number of reasons:

- the capital increase reserved for employees;
- stock option exercises;
- net treasury share buybacks (10 million shares from Wendel – see below); and
- a sale of 30 million shares by Wendel during the first half of 2016.

At the beginning of May 2016, the Group sold 30 million Saint-Gobain shares (of which 10 million to Saint-Gobain), or 5.3% of the share capital, for a net amount of €1,155 million. Wendel's representation on Saint-Gobain's governing bodies remained unchanged: 3 out of 16 seats on the Board of Directors, one seat on the Financial Statements Committee, one seat on the Strategic Committee and one seat on the Appointments, Compensation and Governance Committee. The agreements between Wendel and Saint-Gobain published on May 26, 2011 remain unchanged and in force until 2021. They govern the principles and objectives of their long-term cooperation and ensure, in particular, that Wendel will have 3 seats on Saint-Gobain's Board so long as it holds more than 10% of the voting rights of Saint-Gobain. Wendel therefore maintains significant influence over Saint-Gobain and continues to account for its investment by the equity method. The loss on sale of €229.6 million (net of selling costs) was recognized under "Net income from equity-method investments".

In parallel with the transaction, bonds were issued in the amount of €500 million, exchangeable for 9,619,085 Saint-Gobain shares at an exchange price of €51.98 per share (see note 5-2 "Managing liquidity risk").

The other changes resulted in a non-material increase of 0.1% in the Wendel Group's stake in Saint-Gobain.

As of December 31, 2016, Wendel held 35,812,635 Saint-Gobain shares, representing 6.5% of the capital (net of treasury shares) and 11.1% of voting rights.

Note 2-1.3 Merger of AlliedBarton and Universal Services of America (security services)

On May 3, 2016, the AlliedBarton Group announced its intention to merge with Universal Services of America to create the leading security group in North America, with about 140,000 qualified employees. The merger was completed on August 1, 2016. Through this transaction, Wendel received approximately $387 million in cash, and in exchange for its stake in the share capital of AlliedBarton Security Services, Wendel became a co-controlling shareholder of Allied Universal with 33.2% of the share capital. Due to the joint control the Group has over Allied Universal, the newly merged entity, it has been consolidated using the equity method since August 1, 2016.

Under the terms of the acquisition, Wendel's commitments related to the provision of security services to various departments and agencies of the US government as well as to companies contracted by the government to the United States Department of Defense, (Defense Security Service ("DSS")) were lowered compared to those made in connection with the acquisition of AlliedBarton. In particular, the Board of Directors of the new entity Allied Universal includes 2 DSS representatives alongside directors directly appointed by Wendel, Warburg Pincus and executives of Allied Universal. In addition, Wendel's veto rights over certain strategic decisions have been maintained. Finally, Wendel made certain commitments to maintain Allied Universal's security clearance and the confidentiality of classified information.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the transaction is treated as a disposal of AlliedBarton, which was under exclusive control, followed by the acquisition of a stake in Allied Universal for joint control (equity method).

The AlliedBarton Group's contribution to Wendel's consolidated result is therefore reclassified on a single line of the income statement "Net income from discontinued operations and operations held for sale" for the 7-month period from January 1, 2016 to the date of the merger and for the 2015 financial year presented for comparative purposes. In the cash flow statement, the cash balance of the AlliedBarton Group was reclassified to "Impact of changes in scope of consolidation" at June 30, 2016, the date on which this division was reclassified as an operation held for sale.

The gain on divestment recognized for AlliedBarton in connection with this transaction is a capital gain of €58.2 million. This result is related in particular to an expense of €44.8 million recognized in the context of this transaction during the first half of 2016, which had an impact on the carrying value of the shares held.

The provisional goodwill generated during this merger amounted to €494 million (all figures presented are 33.2%, holding percentage by the Group in this investment).

■ Provisional residual goodwill	€494 million
■ Brands	€113 million
■ Customer relationships (amortized over six years)	€370 million
■ Financial debt and other non-revalued balance sheet items on acquisition	-€706 million
VALUE OF SECURITIES AT MERGER	**€270 MILLION**

As permitted by IFRS, the acquisition price will only be definitively allocated during the 12 months following the merger date.

Note 2-1.4 Acquisition of SGI Africa (shopping centers in Africa)

On July 29, 2016, the Group finalized the acquisition of 40% of the capital of SGI Africa, a pan-African real estate company. SGI Africa builds and operates shopping malls, notably under its PlaYce brand. The company, which inaugurated the first PlaYce center in Ivory Coast (PlaYce Marcory in Abidjan) in late 2015, aims to expand into seven other countries in Western and Central Africa: Cameroon, Gabon, Ghana, Nigeria, the Republic of the Congo, the Democratic Republic of the Congo and Senegal.

The investment made by Oranje-Nassau Développement amounts to €25 million. The Group has also committed to subscribing an additional amount of €95 million in addition to the initial investment. No call for funds was received as of the closing date.

SGI Africa is accounted for under the equity method, with the Group exercising joint control with the CFAO Group, which also holds a 40% interest.

In 2016, SGI Africa generated net sales of €4.7 million.

Note 2-1.5 Investment in IHS (mobile telephone infrastructure in Africa)

In order to finance its further development, in particular the acquisition of the HTN towers in Nigeria, IHS completed a capital increase during the second half of the year with its historic shareholders, with a premium compared to the previous capital increase. As part of this fund-raising, Wendel invested $46 million in additional capital, bringing its total investment in IHS to $826 million. Wendel holds 25.5% of the share capital, remains the company's principal shareholder, and controls, together with its co-investors, 36% of the voting rights. Wendel's investment in IHS continued to be accounted for by the equity method.

The change in the consolidated percentage interest generated a dilution gain of €3.5 million related in particular to the successive premiums applied to the price of IHS's capital increase.

Note 2-1.6 Interest in Bureau Veritas (certification and verification)

In addition to the 40% of the capital already held as of January 1, 2016, the Group acquired 2.8 million Bureau Veritas shares in November 2016 for a total amount of €47.3 million. These shares are not intended to be held over the long term.

In accordance with IFRS 10 "Consolidated Financial Statements", all impacts related to this acquisition have been recognized in equity because it has not resulted in a change in the exclusive control exercised by Wendel.

As of December 31, 2016, Wendel held 179,949,585 Bureau Veritas shares, 41.2% of the capital (net of treasury shares) and 57.0% of voting rights.

Note 2-1.7 Post-closing acquisition of 65% of Tsebo (facilities management in Africa)

See note 37 "Subsequent events".

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 (certification and verification)

In 2016, Bureau Veritas finalized nine acquisitions:

- HCD Group, a British company specializing in building audits, technical assistance for CDM (Construction, Design and Management) regulatory compliance and fire safety, and engineering services;
- Chongqing Liansheng Construction Project Management Co., Ltd. ("Chongqing Liansheng"), a Chinese company, specializing in regulatory technical supervision for construction projects;
- VEO Standards Technical Service Co. Ltd. ("VEO"), a compliance audit firm in the automotive industry in China;
- TMC Marine Ltd., a British global advisory and engineering firm specializing in consultancy and support services for the marine industry (prevention and post-claim);
- Maritime Assurance & Consulting Limited (MAC), a British company specializing in high value added services for the marine and offshore sectors;
- Dairy Technical Services ("DTS"), an Australian company that is a partner to numerous Australian companies in the agri-food industry, providing monitoring services to ensure the integrity of agricultural and food products;
- Kuhlann Monitoramente Agricole Ltda (KMA), a Brazilian company specializing in monitoring and auditing services for the agri-food sector;
- Summit Inspection Services Inc., a US company specializing in fugitive emission inspection services, particularly for operations in the petrochemical industry; and
- CEPAS, an Italian company specializing in certification.

The total acquisition price was €181.6 million and the total goodwill recognized on these companies was €126.8 million. The 2016 annual net sales of the companies acquired during 2016 is approximately €124.2 million and the operating income before amortization of the intangible assets resulting from the business combination is approximately €21.3 million.

2. Changes in scope of consolidation of the Constantia Flexibles Group (flexible packaging)

The Constantia Flexibles Group consolidated Afripack and Pemara, acquired end-2015, from January 1, 2016. The equity investments of these companies were classified as non-current financial assets as of December 31, 2015.

Afripack is the second-largest flexible packaging company in sub-Saharan Africa. The company produces flexible packaging solutions for the agri-food industry as well as labels for the local market and for export to other African countries.

The Australian firm Pemara Labels Group produces self-adhesive labels and in mold labeling, which forms an integral part of the packaging of the product, as well as leaflet labels. This company is also a leader in digital printing solutions.

Net sales of these two companies in 2016 totaled approximately €103 million for Afripack and €35 million for Pemara.

Total final goodwill generated by both of these acquisitions totaled €38.4 million.

Furthermore, in July 2016, Constantia Flexibles finalized the acquisition of the Vietnamese company Oai Hung Co, which produces aluminum blister packs and rigid films for the pharmaceutical industry and, more recently, for the dairy industry. Net sales for 2016 were approximately €30 million. The company was consolidated from July 2016.

Provisional goodwill arising from this acquisition totaled €13.4 million.

3. Changes in scope of consolidation of the CSP Technologies Group (high-performance plastic packaging)

In March 2016, the CSP Technologies Group announced the acquisition of US group Maxwell Chase Technologies, specialized in the production of absorbent and non-absorbent packaging solutions for the agri-food industry. Maxwell Chase Technologies generated net sales of €16.9 million in 2016.

Goodwill generated by this acquisition totaled €10.4 million.

As part of the financing of this acquisition, Wendel made a supplementary investment in CSP Technologies for an amount of €27.2 million.

4. Changes in scope of consolidation of Stahl Group (high-performance coatings and leather-finishing products)

In November 2016, Stahl acquired the operations of Eagle Performance Products.

Eagle Performance Products is a company that has been specializing in flame retardants since it was founded in 1974. This acquisition enriches Stahl's offer of chemical treatments for leather, high-performance coatings and polymeric materials with new technologies and products.

Provisional goodwill arising from this acquisition totaled €7.6 million.

Annual net sales for Eagle Performance Products are estimated at €22.0 million.

Note 2-2 Changes in scope of consolidation in fiscal year 2015

The principal changes in scope during 2015 were as follows:

- the sale of 11.0% of Bureau Veritas' capital through the sale of a block of 48 million shares for a net amount of €975 million, which generated a gain on divestment of €727.5 million, recognized as a change in shareholders' equity of the parent company in accordance with IFRS 10 "Consolidated Financial Statements";
- the Group subscribed to a series of capital increases by IHS for a total of $109 million;
- the first consolidation of the CSP Technologies Group, the Constantia Flexibles Group and the AlliedBarton Group;
- the sale of the packaging division – Verallia by Saint-Gobain.

NOTE 3 Related parties

Wendel's related parties are:

- Saint-Gobain, IHS, Allied Universal, exceet and SGI Africa, which are accounted for by the equity method;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

Note 3-1 Saint-Gobain

During the 2016 fiscal year, Wendel received €44.4 million in dividends from Saint-Gobain, in the form of cash. In addition, of the 30 million Saint-Gobain shares sold during the period, 10 million were bought back by Saint-Gobain (see note 2 "Changes in scope of consolidation").

Some Saint-Gobain subsidiaries undertake transactions with Wendel Group subsidiaries. These transactions are carried out at market prices.

Note 3-2 Members of the Supervisory Board and Executive Board

Compensation paid by Wendel Group to the members of the Executive Board in respect of 2016 amounted to €3,766.7 thousand. The value of performance shares allocated to the members of the Executive Board in 2016 totaled €2,846.4 thousand as of the date they were granted.

Compensation paid to members of the Supervisory Board in 2016 totaled €760.9 thousand, including €695 thousand in Wendel SE directors' fees and compensation paid to the Chairman of the Supervisory Board, and €65.9 thousand in directors' fees paid to certain members of the Supervisory Board by Wendel-Participations for serving on its Board. 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 has committed to pay Frédéric Lemoine, Chairman of the Executive Board, in the event of his departure, a maximum of twice his most recent yearly fixed salary and variable pay on achieved objectives, provided certain conditions have been met.

The Company's commitments to Bernard Gautier, member of the Executive Board, in the event of his departure, are as follows:

- end-of-contract severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board;
- end-of-appointment severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board, subject to certain conditions.

The members of the Executive Board, and around forty other people, co-invested in Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, IHS, Nippon Oil Pump, Mecatherm, Parcours, Saham, Stahl and Tsebo, post-closing acquisition (see note 4 "Participation of managers in Group investments").

Note 3-3 Wendel-Participations

Wendel-Participations is owned by approximately 1,120 Wendel family individuals and legal entities. Wendel-Participations owned 36.90% of Wendel SE's share capital as of December 31, 2016.

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 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 4 Participation of managers in Group investments

The accounting principles applied to co-investment mechanisms are described in note 1-10.18 "Accounting treatment of mechanisms for the participation of management teams in Group's investments".

Note 4-1 Participation of Wendel managers in Group investments

To involve its managers in the Group's value creation, Wendel has set up co-investment mechanisms 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 mechanisms co-exist depending on the date of Wendel's initial investment. Certain rules are common to all mechanisms:

i) the amount of the co-investment is no more than 0.5% of the amount invested by Wendel; 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 Wendel in relation to the gain or the loss incurred (*pari passu* co-investment), or different rights and obligations (accelerated co-investment). In the latter case, if Wendel achieves a predefined level of return, the managers have the right to a greater share of the gain than their shareholding; conversely, if the return is not achieved, the managers lose all rights to any capital gain, as well as the amount of their initial contribution;

iii) a liquidity event is defined as a full divestment of a portfolio company, a change in control, or divestment of more than 50% of the shares held by Wendel, or if the company concerned is listed 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) co-investors' rights vest over a period of four years in five tranches of 20% each, including 20% at the investment date. In the event of their departure before a liquidity event (as defined in iii) above) or before an automatic liquidity tranche (as defined in v) below), the managers must sell (and in certain cases have the option to sell) their unvested rights to Wendel Group upon request at their initial value, and, in certain cases, to sell their vested rights under predefined financial conditions;

v) in the absence of a liquidity event eight 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.

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.

2006-08 period

Co-investments related to acquisitions Wendel made between 2006 and 2008 (and to subsequent reinvestments Wendel made in these companies) remain governed by the principles above, and the following specific rules:

i) the co-investments confer a right to 10% of the capital gain (on 0.5% of the investments), provided that Wendel has obtained a minimum return of 7% p.a. and a cumulative return of 40% on its investment. Otherwise, the co-investors lose all rights to any capital gain, as well as the amount invested;

ii) if no liquidity event occurs, a cash payment is offered to the co-investors after a period of 10 years, i.e., on December 31, 2016.

Under these old principles, managers invested personally alongside Wendel in:

- Saint-Gobain: this co-investment was unwound in 2010, before maturity, because of the lack of prospects of a return for co-investors, who lost the whole of their investment;
- Materis, Deutsch, Stahl and Van Gansewinkel Groep (VGG); these co-investments were made through Winvest International SA SICAR, which was created in 2006 and divided into four sub-funds corresponding to each of those four companies.

The co-investment in Deutsch was unwound when this company was sold in April 2012 to the TE Connectivity Group. The co-investment in VGG was liquidated when the company was taken over by its creditors in July 2015 (co-investors lost the whole of their investment).

Concerning the co-investments in Stahl and Materis, since the 10 year period indicated in (ii) above has come to an end, in accordance with the rules defined in 2006, the valuation of those companies was carried out by an independent expert on the basis of a multi-criteria approach. It emerged from this expert report that:

- concerning Stahl, the minimum yield conditions (7% per year and 40% cumulatively) were reached for Wendel: since the start of the investment, Wendel has received €341.1 million in dividends for €170.9 million invested and still holds a 75% stake in Stahl; on the basis of the valuation performed and subject to adjustments occurring before the end of June 2017, it was estimated that an additional sum of €31.5 million was to be recognized as of December 31, 2016 as a liability in the Wendel balance sheet; as of December 31, 2015, a provision of €47.4 million had been recognized; the provision thus constituted as of December 31, 2016 became a definite debt. The final amount will be paid to the 35 co-investors in 2017: 6.56% for the Chairman of the Executive Board and 16.05% for the other member of the Executive Board (present since the initial investment), 33.75% to 16 others managers still in the Group and 43.64% for 17 former managers who left the Group;
- Concerning Materis, the minimum yield conditions for Wendel (7% per year and 40% cumulatively) were not reached and the co-investors lost the whole of their investment.

2011-12 period

In 2011, the co-investment principles evolved, in particular to include a *pari passu* share and to reduce the share of the capital gain likely to be returned to co-investors. 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 amounts invested by the co-investors are invested under the same terms and conditions as Wendel (*pari passu* co-investment);

ii) the remaining 70% confer a right, should a liquidity event occur, 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 all rights to any capital gain on 70% of their investment, and also lose 70% of the amount invested;

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 8 years after Wendel's initial investment: the potential capital gain is realized after 8 years on one-third of the amounts invested by co-investors; similarly, the potential gain on the other two-thirds is realized after 10, then 12 years if no full divestment or IPO has taken place in the meantime.

Under these principles, the managers invested personally alongside Wendel in Parcours, Mecatherm, and IHS. These co-investments were made through Oranje-Nassau Développement SA SICAR, created in 2011, and currently divided into three sub-funds corresponding to each of these three companies.

In 2016, as part of Wendel's reinvestment in IHS, Wendel managers made supplementary co-investments (whose rules follow those applicable to the initial co-investments). Accordingly, on the prior authorization of the Supervisory Board, which was based on the Governance Committee's opinion, Messrs. Frédéric Lemoine and Bernard Gautier made respective follow-on co-investments of €42,240 and €28,050 in IHS.

The co-investment in Parcours was unwound at the end of 2016 following the sale of the company in May 2016 to ALD Automotive, a subsidiary of Société Générale Group. That sale was made for an equity value of €300 million and generated net proceeds of €240.7 million for Wendel. The minimum yield conditions (7% per year and 40% cumulatively) were achieved for Wendel (with an average performance of around 18% per year and a cumulative 120%), 21 co-investors received €9.7 million for their share of the gross proceeds from the sale, in accordance with the above co-investment rules, of which 20.3% was for Mr. Frédéric Lemoine and 13.53% for Mr. Bernard Gautier. If ALD Automotive were to implement its liability guarantee for the sale of Parcours, these amounts would be reduced by the amount of the portion of the guarantee to be paid by the co-investors.

2013-17 period

The co-investment mechanism was again 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 4 years of the Executive Board's current 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); a three-stage payment determined by an expert is offered to co-investors at 8, 10 and 12 years after Wendel's initial investment (see 2011-12 period), if Wendel has not fully divested the company in question or listed it on a stock exchange;

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 Wendel has not fully divested each of the investments of the period in question, or listed them on a stock exchange, 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 2013-2017 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 will lose 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) those co-investors who have satisfied 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 4-year period necessary to acquire the rights to pooled carried interest is calculated from the date of the initial investment.

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 Chairman and the other member of the Executive Board.

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 Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, AlliedBarton (now Allied Universal), and, in 2017, Tsebo. These co-investments were made through two Luxembourg venture capital companies, Expansion 17 SA SICAR and Global Performance 17 SA SICAR, which were incorporated in 2013. Expansion 17 SA SICAR, in which co-investments are made on a deal-by-deal basis, is divided into six sub-funds corresponding to each of the six companies; Global Performance 17, in which joint co-investments are made, has only one sub-fund for all investments from 2013 to 2017.

On the prior authorization of the Supervisory Board, which was based on the Governance Committee's opinion, the Chairman and the other member of the Executive Board, along with Wendel, made a follow-on co-investment in CSP Technologies (€25,547 for the Chairman of the Executive Board and €17,028 for the other member of the Executive Board). In addition, as part of the August 2016 merger between AlliedBarton and Universal Services of America, the amount of their final co-investment in AlliedBarton (now Allied Universal) was reduced to €284,088 for the Chairman of the Executive Board and €189,345 for the other member of the Executive Board as a result of the repayment of advances from shareholders.

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, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump and Stahl), the policy of manager participation in company performance is based on a co-investment system whereby managers co-invested 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 do not receive a higher return than Wendel until from a certain break-even point made by Wendel.

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 preferred 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 3 and 13 years after the initial investment by Wendel).

In addition, most equity-accounted investments (Allied Universal, Saint-Gobain 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

If the business plans of the subsidiaries and investments affected by the co-investment mechanisms of Wendel and the management of the subsidiaries are realized, these mechanisms could have a dilutive effect of up to 15% on the interests in those subsidiaries or investments in the event of a liquidity event or, in the absence of such an event, within a certain time frame (depending on the company concerned, spread between the 2nd and the 13th anniversary of the realization of the investment by Wendel).

NOTE 5 Managing financial risks

Note 5-1 Managing equity market risks

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, exceet and Saint-Gobain) or unlisted (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, IHS, Mecatherm, Nippon Oil Pump, Stahl and Tsebo acquired post-closing). The Group also holds non-controlling interests, such as in Saham.

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.

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 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 (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump, and Stahl) 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 financial crisis has shown that banks' own difficulties (e.g. access to liquidity, prudential ratios) could create obstacles in refinancing the debt of these companies. 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 Short-term financial investments indexed to equity markets

As part of its cash management (see note 5-2 "Managing liquidity risk"), Wendel uses liquid, short-term financial investments, a small portion of which is indexed to equity markets (equity funds). This small portion is therefore exposed to equity market risk. Such investments, which offer higher expected yields than cash instruments, but also greater risk of loss in value, are formally monitored on a regular basis by the Chief Financial Officer and the Executive Board.

Note 5-1.3 Equity market risk

Equity market risk relates 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 the impairment tests in note 7 "Goodwill" and in note 10 "Equity-method investments"). In addition, minority buy-out commitments (minority "puts") and liquidity commitments of co-investments recognized as financial liabilities are recorded at fair value, based on the value of the investment to which these commitments are related (see note 13 "Financial assets and liabilities");
- the Saham shares are recorded as financial assets and recognized at their fair value. Their value is subject to changes in this company's business and in the benchmark companies used to determine its valuation, in particular the multiples of peer-group companies. Changes in value are recorded within shareholders' equity unless there is a decline in value that is considered to be significant or lasting, in which case an impairment charge is recognized in the income statement. This charge can be reversed through the income statement only in the event of divestment. At the end of 2016, the net carrying amount of these securities was revalued through equity at €121 million, compared with €113 million as of end-2015 (see note 13, "Financial assets and liabilities");
- financial investments indexed to the equity markets, the total value of which was €91 million as of end-2016. A large proportion of these investments is classified under current financial assets, and any change in their fair value is recognized on the income statement. A +/- 5% variation in the equity markets would have an impact of about +/- €4.6 million on the value of these investments, which would be recognized largely in the income statement;
- the optional component (call option) of bonds exchangeable for Saint-Gobain shares issued in 2016 (see note 5-2 "Managing liquidity risk"). As of December 31, 2016, this component was valued at fair value in liabilities in the amount of €48.4 million after taking into account a value adjustment that resulted in the recognition of an expense of €32.4 million in 2016. A +/- 5% variation in the share price would have an impact of -/+ €8.5 million in profit or loss;
- the covenants under Wendel's syndicated credit facility. These covenants are based on ratios of financial debt to the value of assets and are described in note 5-2 "Managing liquidity risk". As of end-2016, 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 monitored by Standard & Poor's, which has been mandated by Wendel to rate its financial structure and bond issues.

					Impact on net income			
In millions of euros	Net book value (Group share)	Market value (closing share price)	Impact on market value of a 5% decline in share prices	Balance sheet note	Change of +/-5% in share prices	Change of +/-0.5% of the discount rate applied to the value of future cash flows	Change of +/-0.5% of the perpetual growth rate used to calculate discounted future cash flows	Reduction of 1% in the normative margin used to discount cash flows in post-business plan periods
Equity-method investments								
Saint-Gobain	1,662.3	1,584.9	-79.2	10	na [1]	+48 / -158	+48 / -115	-237
IHS	432.0	na	na	10	na	na [2]	na [2]	na [2]
Allied Universal	257.1	na	na		na	na [2]	na [2]	na [2]
Oranje-Nassau Développement:								
▪ exceet	24.7	13.6	-0.7	10	na [1]	+7 / 0	+5 / 0	0
▪ SGI Africa	25.7	na	na		na	na [2]	na [2]	na [2]
Consolidated investments								
Bureau Veritas	923.2	3,312.9	-165.6	7	0	na [3]	na [3]	na [3]
Constantia Flexibles	519.0	na	na	7	na	0/0	0/0	0.0
Materis (Cromology)	-333.7	na	na					
Shareholder loan [4]	448.7							
	115.0			**7**	**na**	**0/0**	**0/0**	**0.0**
Stahl	-71.4	na	na	7	na	0/0	0/0	0.0
Oranje-Nassau Développement:								
▪ Mecatherm	89.0	na	na	7	na	0/0	0/0	0.0
▪ CSP Technologies	200.0	na	na	7	na	0/-4	0/0	0.0
▪ Nippon Oil Pump	27.7	na	na	7	na	0/0	0/0	0.0
Financial assets and liabilities								
Investment in Saham [5]	120.8	na	na	13	na	na	na	na
Short-term financial investments indexed to the equity markets	91.2	91.2	-4.6		+/-4,6	na	na	na
Optional component of bonds exchangeable for Saint-Gobain shares	-48.4	-48.4	+8,5	13	-/+8,5	na	na	na

(1) Impairment tests are based on value in use (discounted future cash flows). See note 10 "Equity-method investments".
(2) No testing was performed on IHS, Allied Universal and SGI Africa as there is no indication that their values are impaired.
(3) The recoverable value used for the Bureau Veritas impairment test was the market share price.
(4) Eliminated on consolidation.
(5) See note 13 "Financial assets and liabilities".

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 and dividends. These needs are covered by asset rotation, bank and bond financing, and by dividends received from subsidiaries and associates.

1. Position and monitoring of cash and short-term financial investments

1.1. Cash and short-term financial investments as of December 31, 2016

As of December 31, 2016, cash and short-term financial investments held by Wendel and its holding companies (excluding operating subsidiaries) were as follows:

In millions of euros	Denominated in €	Denominated in $	Total
Money-market mutual funds	492	104	595
Bank accounts and bank certificates of deposit	107	268	375
Diversified, equity and bond funds (1)	55	18	73
Funds managed by financial institutions (1)	275	0	275
TOTAL	**929**	**390**	**1,319**

(1) Classified under "Other current financial assets".

The amount of short-term financial investments and cash invested in US dollars is part of the Group's strategy of investing in North America.

1.2. Monitoring cash and short-term financial investments

Every month cash & equivalents (including short-term financial investments) and cash flow are displayed on a chart summarizing 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 and used to determine when financing needs will arise under various scenarios.

Cash investment vehicles consist of short-term bank deposits and low-volatility, money-market mutual funds (classified under "Cash and cash equivalents"), funds managed by financial institutions, and equity, bond and diversified funds (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. Wendel has a formal procedure for monitoring the net asset values of these more volatile funds on a weekly basis. 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.

2. Position and management of debt maturities and refinancing

As of December 31, 2016, gross debt (excluding operating subsidiaries) consisted of Wendel bonds (including bonds exchangeable for Saint-Gobain shares) in a total amount of €3,377 million. This gross debt is down significantly compared with December 31, 2015, when it was €4,136 million. Maturities are spread between August 2017 and February 2027, and the average maturity of 4.5 years was stable compared with end-2015.

Available, undrawn lines totaled €1,150 million as of end-December 2016 and were composed of:

- a €650 million syndicated credit line maturing in November 2019. Its financial covenants were respected (see note 5-2.4.2 "Wendel's syndicated loan – documentation and covenants"); and
- bank debt with margin calls (Saint-Gobain shares, Bureau Veritas shares or cash) totaling €500 million, maturing in March 2020 (see note 5-2.4.3 "Bank financing with margin calls"). The €350 million credit line maturing in 2019 was intentionally canceled in 2016 after it had become redundant following the disposal of assets over the period (see note 2, "Changes in scope of consolidation").

These lines of credit enable Wendel to secure the repayment, if necessary, of the closest maturities and to have enough flexibility to take advantage of investment opportunities.

Concurrently with the sale of the block of Saint-Gobain shares (see note 2, "Changes in scope of consolidation") in 2016, Wendel issued bonds exchangeable for Saint-Gobain shares in the amount of €500 million. These zero-coupon bonds mature in July 2019. Bondholders have the right to exchange them for 9,619,085 Saint-Gobain shares, covering the total €500 million in bonds issued. Wendel would then have the option of delivering the securities or their counter-value in cash. This option for bondholders would be used primarily in the event of the Saint-Gobain share price being higher than the exchange price of €51.98 per share. This zero-coupon issue helped refinance a large portion of the May 2016 maturity of €644 million, which had a coupon of 4.875%. At the date of issue, this exchangeable bond was recognized by separating the debt component estimated at €484 million, recognized using the effective interest rate method, and the optional component (sale of call options on Saint-Gobain shares), recorded as a financial liability in the amount of

€16 million. As of December 31, 2016 the optional component was remeasured at fair value through profit or loss at €48.4 million.

As part of the active management of the maturity, cost and level of its debt, in 2016, Wendel completed two repurchase transactions for short-term bonds (2.3 years on average) and high-coupon bonds (5.3% on average). As a result, €915.4 million of nominal value was repurchased on the 2017, 2018, 2019 and 2021 stages. The difference between the redemption price and the par value was recognized in the income statement in the negative amount of €123.6 million. In October 2016, Wendel also completed a €300 million bond issue with a coupon of 1% and a maturity of 6.5 years.

Finally, in the context of currency risk management (see note 5-5, "Managing currency risk"), €800 million of bond debt was synthetically converted into dollar-denominated debt through the use of derivatives (cross-currency swaps) in early 2016.

On September 29, 2016, Standard & Poor's confirmed Wendel's long-term investment grade rating of BBB-, with a stable outlook. The short-term rating is A-3.

2.1. 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, the drawdown of available credit lines 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 Standard & Poor's, which rates the Group'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 5-2.4.2 "Wendel's syndicated loan – documentation and covenants"). Leverage depends in particular on asset values and is thus subject to equity market risk (see note 5-1.3 "Equity market risk"); and
- a potential rating downgrade for Wendel from Standard & Poor's.

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.

Note 5-2.2 Liquidity risk of operating subsidiaries

1. Managing 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 are reported regularly to Wendel. Forecasts of bank covenant compliance for the coming year and over the lifetime of the business plan are prepared several times a year and any time an event occurs that could have a material impact on the covenants. These forecasts and calculations of covenant compliance are presented regularly to Wendel.

2. Impact of liquidity risk of subsidiaries on Wendel

Debt of operating subsidiaries is without recourse to Wendel. As such, the liquidity risk of these subsidiaries affects Wendel only when Wendel chooses to accept 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 Wendel 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 extended a €15 million liquidity line to Mecatherm (€7.5 million of which had been drawn as of end-December 2016) and provided a guarantee of €15 million to Mecatherm's lenders in return for the easing of financial covenants and banking documentation relating to the Mecatherm debt. 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 subsidiaries has an impact on their value, however, this value is taken into account in calculating Wendel's financial leverage (see note 5-1.3 "Equity market risk").

Note 5-2.3 Wendel's liquidity outlook

The next significant financial maturity is the repayment of the August 2017 bond in the amount of €507 million. Wendel's liquidity risk over the 12 months following the reporting date is low given its high level of cash and short-term financial investments, and its available undrawn credit lines.

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, 2016)

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 available cash (potential pledged cash being lodged in the structure for financing with margin calls).

Net debt of the Group subsidiaries is deducted from the gross revalued assets of these subsidiaries inasmuch as it is without recourse to Wendel. Potential drawing of debt with margin calls (less any cash pledged), would be recognized as a deduction from the shares pledged inasmuch as this line of credit is also without recourse to Wendel.

These covenants are as follows:

- the net financial debt of Wendel and its financial holding companies must not exceed 50% of gross revalued assets after future tax on unrealized gains and losses (excluding cash);
- the ratio of
  - unsecured gross debt plus off-balance-sheet commitments similar in nature to unsecured financial debt of Wendel and its financial holding companies, less available cash (not pledged or in escrow) of Wendel and the financial holding companies,

  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 1.

These ratios are tested half-yearly when there are drawdowns under the syndicated loan line. As of December 31, 2016 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.).

3. Bank financing with margin calls (undrawn as of December 31, 2016)

If the bank facilities with margin calls is drawn down, listed securities must be pledged. In this event, the value of the collateral given (Saint-Gobain shares, Bureau Veritas shares, and cash) must remain at the level required under the bank agreement covenant, (requirement based on the amount of debt). If this value declines, the bank demands further collateral; if it increases, a portion of the collateral is freed up. As these debts are without recourse to Wendel, the Company could decide not to respond to potential additional margin calls. This would put the related financing contract in default, and the bank could then exercise the collateral already provided.

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, 2016, Bureau Veritas' gross financial debt was €3,082.4 million, and its cash balance was €1,094.1 million. Bureau Veritas also has a confirmed and undrawn line of credit of a total amount of €450 million.

The same financial covenants as those in force as of December 31, 2015 apply. As of December 31, 2016, these covenants were respected:

- 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, 2016, this ratio was 2.20;
- the ratio of adjusted consolidated EBITDA of the last 12 months of any acquired entity to net finance costs must be greater than 5.5. As of December 31, 2016, this ratio was 10.11.

2. Constantia Flexibles' financial debt

This debt is without recourse to Wendel.

As of December 31, 2016, the face value of Constantia Flexibles' financial debt was €1,362.4 million (including accrued interest, and excluding issuance costs). Its cash balance was €123.2 million. Bank debt is only subject to a financial covenant when more than 35% of the revolving line of credit is drawn (which was not the case as of December 31, 2016). In such cases, the ratio of net debt to LTM EBITDA must be less than 6.7. As of December 31, 2016, this covenant was respected.

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, share buybacks, 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.

As of end-2016, Cromology's bank debt was €280.6 million (including accrued interest, and excluding deferred issuance costs and shareholder loan). Its cash balance was €39.1 million. As of that date, the gross debt was subject to the following covenants:

- adjusted LTM EBITDA divided by net cash interest expense must be greater than 2.38 (this minimum rises to 2.70 in 2018). This ratio is calculated on a rolling 12-month basis, and is tested quarterly; and
- consolidated net debt (excluding shareholder loan) divided by adjusted LTM EBITDA must be less than 4.77 (this ceiling declines to 3.75 in 2019). The test is performed quarterly.

As of December 31, 2016, these covenants were respected.

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, 2016, after the 2016 refinancing, the face value of Stahl's bank debt was €569.6 million (including accrued interest, and excluding issuance costs). Its cash balance was €313.9 million. At the beginning of 2017, Wendel received a dividend of €242.7 million.

Starting in March 2017, Stahl will have to comply with the financial covenant corresponding to the ratio of the consolidated net debt to the LTM EBITDA, which must be less than or equal to 5.

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. Mecatherm's financial debt

As of December 31, 2016, the face value of Mecatherm's debt was €41.0 million (including accrued interest, non-recourse discounting, and a €7.5 million liquidity line granted by Wendel, and excluding issuance costs). Its cash balance was €2.0 million.

Given the volatile economic environment of and operating difficulties encountered in recent years, Mecatherm and its bank lenders have agreed to suspend financial covenant testing until business income is above a certain threshold defined by contract. As part of this agreement, Wendel agreed to provide a €15.0 million liquidity line (€7.5 million of which had been drawn as of end-December 2016) to enable Mecatherm to finance its general corporate needs, and to grant a €15 million first-demand guarantee to the banks to cover the servicing of Mecatherm's bank debt. The recourse of Mecatherm's bank lenders to the Wendel Group is limited to this guarantee.

6. CSP Technologies' financial debt

This debt is without recourse to Wendel.

As of December 31, 2016, the face value of CSP Technologies' bank debt was $179.8 million, or €170.6 million (including accrued interest, and excluding issuance costs). Its cash balance was $3.4 million, or €3.3 million. As of that date, the covenants were as follows:

- the ratio of LTM EBITDA to net interest expense must be greater than or equal to 2.25 (this minimum ratio rises to 2.5 from March 2019). This ratio is calculated on a rolling 12-month basis. This ratio is calculated on a rolling 12-month basis, and is tested quarterly; and
- the ratio of consolidated net debt (gross debt less cash capped at $10.5 million) to LTM EBITDA must be less than or equal to 6.25 (this maximum ratio falls to 4 at the end of 2020). It is tested quarterly.

As of December 31, 2016, these covenants were respected.

The documentation related to CSP Technologies' 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.

7. Nippon Oil Pump's financial debt

This debt is without recourse to Wendel.

As of end-2016, the face value of Nippon Oil Pump's gross bank debt was JPY 4.0 billion (€32.8 million). Its cash balance was JPY 0.7 billion (€6.0 million). Around one fourth of this bank debt will be amortized between now and 2019, and three fourths are repayable at maturity in 2019.

The financial covenants specify a minimum level of shareholders' equity and stipulate that net income cannot be negative for 2 consecutive years. As of December 31, 2016, these covenants were respected.

Note 5-3 Managing interest-rate risk

As of December 31, 2016, 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	6.0		2.9
Cash and short-term financial investments (1)	-0.3		-2.6
Impact of derivatives	0.0	0.9	-0.9
INTEREST-RATE EXPOSURE	**5.8**	**0.9**	**-0.5**
	94%	*15%*	*-9%*

(1) Excluding €0.1 billion in short-term financial investments not sensitive to interest rates.

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 2016 during which they will hedge interest rate risk.

A +100 basis point change in the interest rates to which the consolidated Group's interest rate exposure is indexed would have an impact of around +€9 million on net finance income/costs before tax over the 12 months after December 31, 2016, based on net financial debt as of December 31, 2016, 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, 2015, 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	6.1		3.4
Cash and short-term financial investments (1)	-0.3		-1.2
Impact of derivatives	0.2	0.9	-1.1
INTEREST-RATE EXPOSURE	**6.0**	**0.9**	**1.2**
	74%	*11%*	*14%*

(1) Excluding €0.1 billion 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 sectoral diversification, there was no significant concentration of credit risk in trade receivables.

The cash and financial investments of Wendel and its holding companies are placed essentially with top-ranking financial institutions. However, given the high amount of cash and short-term financial investments as of December 31, 2016 (see note 5-2 "Managing liquidity risk"), significant amounts could be placed 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

As of December 31, 2016, Wendel owned €390 million in cash and short-term financial investments denominated in dollars. The amount denominated in US dollars is related to the Group's strategy, which notably involves investing in North America. These financial assets are recognized at fair value. A 5% decline in the value of the US dollar against the euro would have a negative impact of around €19.5 million in the income statement.

Certain 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 subsidiaries with the greatest exposure to the US dollar are Bureau Veritas, Stahl, IHS, CSP Technologies, Constantia Flexibles 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 synthetically, through the use of derivatives. As such, €800 million in euro-dollar cross-currency swaps were established in February and March 2016. This will limit the impact of changes in the euro-dollar 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 -€39.2 million in 2016). A 5% increase in the value of the US dollar against the euro would have a negative impact of €42 million in equity in respect of cross-currency swaps.

Note 5-5.2 Bureau Veritas

Bureau Veritas operates internationally and is consequently exposed to the risk of fluctuations in 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.

For Bureau Veritas' activities exposed to global markets, part of revenue is denominated in US dollars or influenced by the level of that currency. This revenue is therefore indirectly exposed to fluctuations in the US currency.

In 2016, over 70% of Bureau Veritas' net sales were the result of the consolidation of financial statements of entities with functional currencies other than the euro, including 19.0% in US dollars or currencies correlated to the US dollar (including the Hong Kong dollar), 10.1% in Chinese yuan, 4.2% in Canadian dollars, 3.9% in pounds sterling, 3.7% in Australian dollars and 3.2% in Brazilian reals. No other currency individually accounted for more than 4% of Bureau Veritas' net sales. Accordingly, a 1% fluctuation of the euro against the US dollar and the currencies correlated to it would have had an impact of around 0.2% (or around €9 million) on the 2016 consolidated net sales of Bureau Veritas, and a 0.2% impact on the company's 2016 operating income (circa €1 million). In addition, the share of US dollar-denominated consolidated net sales in 2016 for countries with a functional currency other than that currency or its correlated currencies is 10%.

Note 5-5.3 Constantia Flexibles

In 2016, 37% of Constantia Flexibles' net sales were in currencies other than the euro, including 18% 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' 2016 income from ordinary activities before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), or less than +/-€4 million.

In addition, Constantia Flexibles has financial debt of €237 million, denominated in US dollars and carried by a company whose functional currency is the euro. Therefore, a +/-5% fluctuation in the US dollar's value against the euro would result in the recognition of a currency impact of about -/+€12 million in net finance income/expenses.

Note 5-5.4 Cromology

Cromology has subsidiaries in Morocco and Argentina. Risks of inflation and changes in exchange rates are currently focused on Argentina, where the Group generated sales of €37 million in 2016 (5% of consolidated net sales), down 35% compared with 2015. The shift to a floating exchange rate for the Argentine peso in December 2015 was accompanied by a steep local devaluation (partially offset by inflation locally) and economic difficulties that affected 2016 revenue. The impact on Cromology's 2017 business income is not, however, likely to be material, given Argentina's limited contribution to Cromology's business income (less than €2 million in 2016). In addition, cash available locally is not material.

Note 5-5.5 CSP Technologies

The CSP Technologies Group is mainly based in the United States, with the US dollar as its functional currency. Around 75% of its sales are generated in that currency. A +/-5% fluctuation in the US dollar against the euro would have an impact of less than +/-€1 million on 2016 income from ordinary activities in Wendel's financial statements presented in euros.

An intra-group loan between the US and European companies in the CSP Technologies Group could generate an accounting loss/gain of €2 million if the US dollar were to appreciate/depreciate.

The CSP Technologies Group's debt is denominated entirely in US dollars. Moreover, as its functional currency is the US dollar, there is no impact on the income statement.

Note 5-5.6 Stahl

In 2016, 59% of Stahl's net sales were in currencies other than the euro, including 33% in US dollars, 8% in Chinese yuans, 7% in Indian rupees and 5% in Brazilian reals. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-5% on Stahl's 2016 income from ordinary activities before impairment and amortization (excluding goodwill allocation and non-recurring expenses), or +/-€7 million.

In addition, Stahl has financial debt of €569 million, denominated in US dollars and carried by a company whose functional currency is the euro. Therefore, a +/-5% fluctuation in the US dollar's value against the euro would result in the recognition of a currency impact of about -/+ €28 million in net finance income/expenses.

Note 5-6 Managing raw materials risk

The main Group investments most exposed to the risk of changes in commodity prices are Cromology, Stahl and Constantia Flexibles.

Cromology purchased around €125 million of commodities in 2016. A 10% increase in the price of the commodities used by Cromology would have led to a theoretical increase in the cost of these commodities of around €13 million on a full-year basis. Cromology nevertheless considers that, circumstances allowing, a short-term increase in the sales price of its products would compensate for the overall effect of such commodity price increases. Cromology continually works to optimize its purchases by approving new suppliers, and by developing new formulations for its products.

Stahl purchased around €295 million of commodities in 2016. 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 €29 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 €976 million of commodities in 2016. A 10% increase in the price of the commodities used by Constantia Flexibles would have led to a theoretical increase in the cost of these commodities of around €98 million on a full-year basis. Constantia Flexibles has a policy of managing risks from 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 analysis of the income statement by operating segment is split between "net income from operating segments", non-recurring items and effects related to goodwill.

Net income from operating segments

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, Cromology, Stahl, Constantia Flexibles and AlliedBarton (until its merger with Universal Services of America) as well as CSP Technologies, Mecatherm, Nippon Oil Pump and Parcours, sold in May 2016, grouped in Oranje-Nassau Développement) and Wendel's share in the net income of investments recognized using the equity method (Allied Universal, IHS, Saint-Gobain, as well as exceet, grouped in Oranje-Nassau Développement) before non-recurring items and the impact of goodwill allocation;
- The net income of holding companies incorporates the general and administrative expenses of Wendel and its holding companies, the cost of the net borrowings 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;
- 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 to these valuations within 12 months after the transaction). The affected items are primarily:

- inventories and work-in-progress;
- property, plant & equipment;
- intangible assets, including brands and contracts;
- 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).

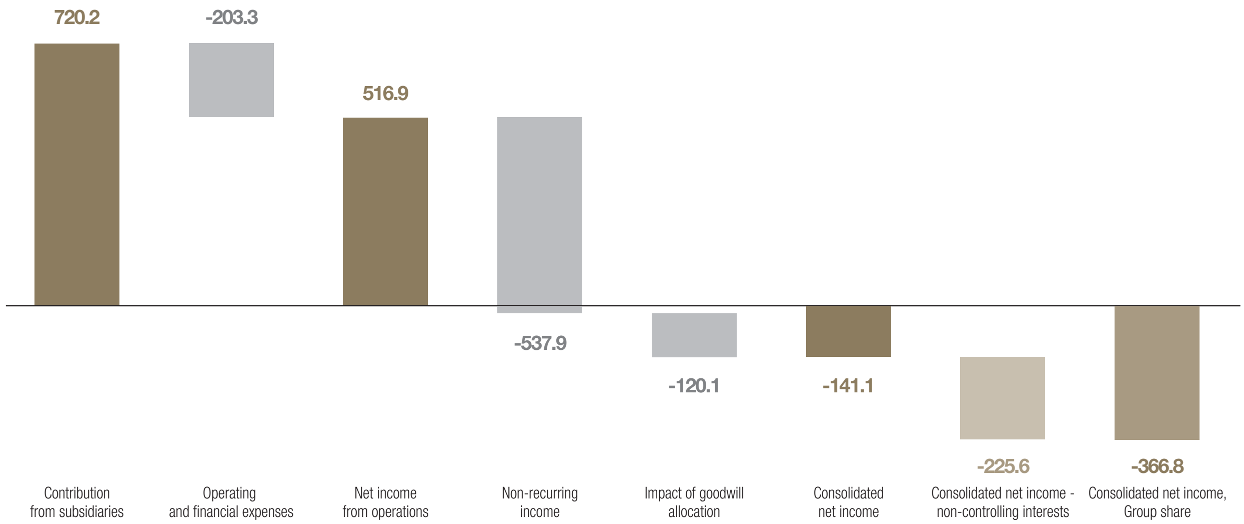
Note 6-1 Income statement by business sector for fiscal year 2016

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Allied Barton	Equity-method investments: Saint-Gobain	Equity-method investments: IHS	Equity-method investments: Allied Universal	Wendel & holding companies	Group Total
Net income from operations											
Net sales	**4,549.2**	**2,062.1**	**737.3**	**655.7**	**279.3**	**-**				**-**	**8,283.6**
EBITDA [1]	**N/A**	**290.0**	**64.0**	**155.6**	**N/A**	**-**					
Adjusted operating income [1]	**734.9**	**179.3**	**35.9**	**140.2**	**45.1**	**-**			**-0.2**		
Other recurring operating items	-	-2.0	-1.8	-6.4	-3.3	-1.2			-		
Operating income	**734.9**	**177.3**	**34.2**	**133.8**	**41.9**	**-1.2**			**-0.2**	**-58.1**	**1,062.5**
Finance costs, net	-89.9	-76.5	-19.2	-8.8	-15.1	-			0.0	-142.8	-352.3
Other financial income and expense	3.4	-2.9	-0.4	3.4	-0.5	-			-0.0		2.9
Tax expense	-224.5	-30.8	2.4	-33.1	-6.4	-			-0.8	-2.4	-295.5
Share in net income of equity-method investments	0.8	0.1	0.5	-	-1.1	-	106.6	-44.5	1.7	-	64.2
Net income from discontinued operations and operations held for sale	-	-	-	-	4.2	31.0	-	-	-	-	35.2
RECURRING NET INCOME FROM OPERATIONS	**424.7**	**67.1**	**17.5**	**95.3**	**23.0**	**29.8**	**106.6**	**-44.5**	**0.7**	**-203.3**	**516.9**
Recurring net income from operations sectors - non-controlling interests	258.5	32.5	1.5	23.4	0.3	1.5	-	-0.2	0.0	-	317.5
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	**166.2**	**34.6**	**16.1**	**71.9**	**22.6**	**28.3**	**106.6**	**-44.3**	**0.7**	**-203.3**	**199.4**
Non-recurring income											
Operating income	-125.2	-63.1	-16.0	-22.9	-15.3	0.0	-	-	-	-95.2	-337.7
Net financial expense	-0.0	-24.8	-69.0	-11.5	-2.5	-	-	-	-1.0	-37.4 [4]	-146.2
Tax expense	46.4	19.0	12.3	8.4	9.6	-	-	-	-	-	95.7
Share in net income of equity-method investments	-	-	-	-	-14.3	-	9.8	-152.6	-27.8	-147.9 [5]	-332.8
Net income from discontinued operations and operations held for sale	-	-	-	-	-0.6	-72.6	-	-	-	136.3 [6]	63.0
NON-RECURRING NET INCOME	**-78.8**	**-68.9**	**-72.7**	**-26.0**	**-23.0**	**-72.6**	**9.8**	**-152.6**	**-28.9**	**-144.3**	**-658.0**
of which:											
■ Non-recurring items	-32.1	-23.1	-81.8	-13.6	-6.2	-58.2	6.8	-152.6 [3]	-10.2	-144.3	-515.2
■ Impact of goodwill allocation	-46.7	-45.8	9.1	-12.4	-9.0	-14.5	17.9	-	-18.7	-	-120.1
■ Asset impairment	-	-	-	-	-7.8	-	-14.9 [2]	-	-	-	-22.7
Non-recurring net income - non-controlling interests	-46.8	-27.2	-7.2	-6.3	-0.2	-3.6	-	-0.8	-0.1	0.5	-91.8
NON-RECURRING NET INCOME - GROUP SHARE	**-32.0**	**-41.7**	**-65.4**	**-19.7**	**-22.9**	**-69.0**	**9.8**	**-151.8**	**-28.7**	**-144.8**	**-566.2**
CONSOLIDATED NET INCOME	**345.9**	**-1.8**	**-55.1**	**69.3**	**-0.1**	**-42.9**	**116.4**	**-197.1**	**-28.2**	**-347.6**	**-141.1**
Consolidated net income - non-controlling interests	211.7	5.3	-5.8	17.1	0.2	-2.1	-	-1.0	-0.1	0.5	225.7
CONSOLIDATED NET INCOME - GROUP SHARE	**134.2**	**-7.0**	**-49.4**	**52.2**	**-0.3**	**-40.7**	**116.4**	**-196.1**	**-28.0**	**-348.1**	**-366.8**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) This item includes asset impairments recognized by the Saint-Gobain Group.
(3) IHS: this item consists mainly of a foreign exchange loss (offset by a change in the same amount in translation reserves) and a dilution result of €3.5 million (see note 10 "Equity-method investments").
(4) Including a loss of €123.6 million on the repurchase of Wendel bonds (see note 5-2 "Liquidity risk").
(5) This item was impacted by the sale of Saint-Gobain shares for €229.6 million and the deconsolidation of IHS shares held by co-investors for €81.7 million (see note 2 "Changes in scope of consolidation" and note 10 "Equity-method investments").
(6) This item includes the results of the sale of AlliedBarton and Parcours for €58.2 million and €78.3 million respectively (excluding discontinuation of depreciation expense for Parcours) (see note 2 "Changes in scope of consolidation").

Analysis of consolidated income at December 31, 2016

(in millions of euros)



The detail of Oranje-Nassau Développement's contribution to the 2016 income statement by business sector is as follows:

In million of euros	Parcours [2]	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	SGI Africa	Oranje-Nassau Dévelop-pement
Net income from operations							
Net sales	**-**	**118.7**	**114.5**	**46.1**	**-**	**-**	**279.3**
EBITDA [1]	**N/A**	**13.7**		**8.6**	**-**	**-**	
Adjusted operating income [1]	**N/A**	**11.8**	**26.6**	**6.8**	**-**	**-**	**45.1**
Other recurring operating items	-0.1	-0.5	-1.4	-1.2	-	-	-3.3
Operating income	**-0.1**	**11.3**	**25.1**	**5.5**	**-**	**-**	**41.9**
Finance costs, net	-	-1.4	-13.4	-0.4	-	-	15.1
Other financial income and expense	-	-0.5	0.1	-0.1	-	-	-0.5
Pre-tax income, including management fees	**-0.1**	**N/A**	**N/A**	**N/A**			**-**
Tax expense	-	-1.1	-3.2	-2.1	-	-	-6.4
Share in net income of equity-method investments	-	-	-	-	-0.5	-0.5	-1.1
Net income from discontinued operations and operations held for sale	4.2	-	-	-	-	-	4.2
RECURRING NET INCOME FROM OPERATIONS	**4.1**	**8.3**	**8.7**	**2.9**	**-0.5**	**-0.5**	**23.0**
Recurring net income from operations - non-controlling interests	0.0	0.1	0.1	0.1	-	-	0.3
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	**4.1**	**8.2**	**8.6**	**2.9**	**-0.5**	**-0.5**	**22.6**
Non-recurring income							
Operating income	-	-1.7	-10.7	-2.8	-	-	-15.3
Net financial expense	-	-	-2.5	-	-	-	-2.5
Tax expense	-	3.8	4.8	1.0	-	-	9.6
Share in net income of equity-method investments	-	-	-	-	-14.3	-	-14.3
Net income from discontinued operations and operations held for sale	-0.6	-	-	-	-	-	-0.6
NON-RECURRING NET INCOME	**-0.6**	**2.1**	**-8.4**	**-1.8**	**-14.3**	**-**	**-23.0**
of which:							
■ Non-recurring items	-0.2	-0.2	-1.4	-0.1	-4.1	-	-6.2
■ Impact of goodwill allocation	-0.4	2.3	-7.0	-1.6	-2.3	-	-9.0
■ Asset impairment	-	-	-	-	-7.8	-	-7.8
Non-recurring net income - non-controlling interests	-0.0	0.0	-0.1	-0.0	-	-	-0.2
NON-RECURRING NET INCOME - GROUP SHARE	**-0.6**	**2.0**	**-8.3**	**-1.7**	**-14.3**	**-**	**-22.9**
CONSOLIDATED NET INCOME	**3.4**	**10.4**	**0.3**	**1.1**	**-14.8**	**-0.5**	**-0.1**
Consolidated net income - non-controlling interests	0.0	0.1	0.0	0.0	-	-	0.2
CONSOLIDATED NET INCOME - GROUP SHARE	**3.4**	**10.2**	**0.3**	**1.1**	**-14.8**	**-0.5**	**-0.3**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) The result of Parcours reflected in the economic presentation of income excludes the discontinuation of depreciation, pursuant to IFRS 5 (see note 2, « Changes in scope of consolidation »), the offsetting entry of this adjustment being recognized in income from the sale of this investment.

Note 6-2 Income statement by business sector for fiscal year 2015

							Equity-method investments			
In millions of euros	Bureau Veritas	Cons-tantia Flexibles	Allied Barton	Cromo-logy	Stahl	Oranje-Nassau Dévelop-pement	Saint-Gobain	IHS	Wendel & holding companies	Group total
Net income from operations										
Net sales	**4,634.8**	**1,442.0**	**-**	**751.9**	**628.1**	**226.6**			**-**	**7,683.4**
EBITDA [(1)]	**N/A**	**197.5**	**-**	**67.8**	**128.7**	**N/A**				
Adjusted operating income [(1)]	**775.2**	**125.7**	**-**	**42.8**	**113.6**	**6.4**				
Other recurring operating items	-	-1.5	-0.2	-2.1	-6.4	-2.4				
Operating income	**775.2**	**124.2**	**-**	**40.7**	**107.2**	**4.0**			**-56.8**	**994.4**
Finance costs, net	-80.0	-58.2	-	-18.8	-9.5	-14.5			-156.1	-337.0
Other financial income and expense	-9.3	0.8	-	-1.6	7.2	-0.5				-3.4
Tax expense	-254.0	-11.5	-	-3.7	-20.5	-3.8			-4.3	-297.8
Share in net income of equity-method investments	0.8	-	-	0.3	-	-0.1	153.2	-68.5	-	85.7
Net income from discontinued operations and operations held for sale	-	-	3.2	-	-	17.1	-	-	-	20.3
RECURRING NET INCOME FROM OPERATIONS	**432.7**	**55.3**	**3.0**	**17.0**	**84.4**	**2.3**	**153.2**	**-68.4**	**-217.3**	**462.2**
Recurring net income from operations - non-controlling interests	256.4	22.3	0.1	1.9	23.5	0.1	-	-0.4	-	303.9
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	**176.3**	**33.0**	**2.9**	**15.1**	**60.9**	**2.2**	**153.2**	**-68.0**	**-217.3**	**158.3**
Non-recurring income										
Operating income	-198.3	-71.9	-	-16.6	-21.3	-47.8	-	-	-70.9	-426.7
Net financial expense	0.0	-11.7	-	-61.1	-24.6	-	-	-	72.0	-25.3
Tax expense	33.3	20.7	-	2.1	19.9	10.8	-	-	-	86.8
Share in net income of equity-method investments	-	-	-	-	-	-19.4	0.9	-41.6	-	-60.1
Net income from discontinued operations and operations held for sale	-	-	-9.9	-	-	-2.5	-	-	-	-12.4
NON-RECURRING NET INCOME	**-165.0**	**-62.8**	**-9.9**	**-75.5**	**-26.0**	**-58.9**	**0.9**	**-41.6**	**1.2**	**-437.7**
of which:										
■ Non-recurring items	-14.7	-19.2	-6.2	-74.2	-13.9	-7.8	9.4	-41.6 [(3)]	1.2 [(4)]	-167.1
■ Impact of goodwill allocation	-60.3	-43.7	-3.7	-1.3	-12.1	-14.3	-7.3	-	-	-142.5
■ Asset impairment	-90.0	-	-	-	-	-36.9	-1.2 [(2)]	-	-	-128.1
Non-recurring net income - non-controlling interests	-97.3	-20.2	-0.5	-7.5	-7.3	-0.3	-	-0.3	0.2	-133.1
NON-RECURRING NET INCOME - GROUP SHARE	**-67.7**	**-42.6**	**-9.4**	**-68.0**	**-18.7**	**-58.6**	**0.9**	**-41.3**	**1.0**	**-304.6**
CONSOLIDATED NET INCOME	**267.7**	**-7.6**	**-6.9**	**-58.5**	**58.4**	**-56.6**	**154.1**	**-110.0**	**-216.1**	**24.5**
Consolidated net income - non-controlling interests	159.1	2.1	-0.3	-5.6	16.2	-0.2	-	-0.6	0.2	170.7
CONSOLIDATED NET INCOME - GROUP SHARE	**108.6**	**-9.6**	**-6.5**	**-52.9**	**42.2**	**-56.4**	**154.1**	**-109.4**	**-216.3**	**-146.2**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) This heading includes the following items:
- *asset impairments recognized by the Saint-Gobain Group of €108.2 million;*
- *reversal of an asset impairment recognized by Wendel on Saint-Gobain shares of €203.4 million;*
- *net loss on the disposal of the Verallia packaging division of €96.5 million.*

(3) IHS: this item mainly consists of a foreign exchange loss and a dilution result of €18 million.
(4) This item includes a loss on exercises of liquidities by the co-investing managers of €64.9 million (see note 35-6 "Shareholder agreements and co-investment mechanisms") and a gain on the sale of Saint-Gobain puts of €28.4 million.

The detail of Oranje-Nassau Développement's contribution to the 2015 income statement by business sector is as follows:

In millions of euros	Parcours	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	Oranje-Nassau Dévelop-pement
Net income from operations						
Net sales	**N/A**	**96.4**	**90.2**	**40.0**	**-**	**226.6**
EBITDA [1]	**N/A**	**-11.8**		**4.8**	**-**	
Adjusted operating income [1]	**N/A**	**-13.5**	**16.6**	**3.2**	**-**	
Other recurring operating items	-0.3	-0.5	-1.5	-0.2	-	-2.4
Operating income	**-0.3**	**-14.0**	**15.1**	**3.1**	**-**	**4.0**
Finance costs, net	-	-1.9	-12.1	-0.5	-	-14.5
Other financial income and expense	-	-0.5	0.0	-	-	-0.5
Pre-tax income, including management fees	**-0.3**	**N/A**	**N/A**	**N/A**		
Tax expense	-	-1.4	-1.5	-0.8	-	-3.8
Share in net income of equity-method investments	-	-	-	-	-0.1	-0.1
Net income from discontinued operations and operations held for sale	17.1	-	-	-	-	17.1
RECURRING NET INCOME FROM OPERATIONS	**16.9**	**-17.8**	**1.5**	**1.8**	**-0.1**	**2.3**
Recurring net income from operations - non-controlling interests	0.2	-0.2	0.1	-	-	0.1
RECURRING NET INCOME FROM OPERATIONS - GROUP SHARE	**16.7**	**-17.6**	**1.4**	**1.8**	**-0.1**	**2.2**
Non-recurring income						
Operating income		-27.1	-18.3	-2.3		-47.8
Net financial expense		-	-	-		-
Tax expense		3.1	6.9	0.9		10.8
Share in net income of equity-method investments		-	-	-	-19.4	-19.4
Net income from discontinued operations and operations held for sale	-2.5					-2.5
NON-RECURRING NET INCOME	**-2.5**	**-24.1**	**-11.4**	**-1.5**	**-19.4**	**-58.9**
of which:						
■ Non-recurring items	-1.0	-3.7	-3.5	-0.0	0.4	-7.8
■ Impact of goodwill allocation	-1.5	-0.9	-7.9	-1.5	-2.5	-14.3
■ Asset impairment	-	-19.5	-	-	-17.3	-36.9
Non-recurring net income - non-controlling interests	-	-0.1	-0.2	-	-	-0.3
NON-RECURRING NET INCOME - GROUP SHARE	**-2.5**	**-24.0**	**-11.2**	**-1.4**	**-19.4**	**-58.6**
CONSOLIDATED NET INCOME	**14.4**	**-41.9**	**-9.9**	**0.3**	**-19.5**	**-56.6**
Consolidated net income - non-controlling interests	0.2	-0.2	-0.2	0.0	-	-0.2
CONSOLIDATED NET INCOME - GROUP SHARE	**14.2**	**-41.7**	**-9.8**	**0.3**	**-19.5**	**-56.4**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.

Note 6-3 Balance sheet by business sector as of December 31, 2016

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Dévelop-pement	Saint-Gobain	IHS	Allied Universal	Wendel & holding companies	Group Total
Goodwill, net	2,349.5	770.4	211.6	62.1	275.6	-	-	-	-	3,669.3
Intangible assets, net	884.3	827.0	210.9	100.2	216.3	-	-	-	0.1	2,238.8
Property, plant & equipment, net	518.6	785.7	86.4	138.1	92.8	-	-	-	14.3	1,635.9
Non-current financial assets	70.5	43.9	5.9	0.6	2.8	-	-	-	261.8	385.5
Pledged cash and cash equivalents	-	-	-	-	0.2	-	-	-	0.5	0.7
Equity-method investments	5.0	1.2	1.7	-	50.4	1,662.3	434.2	258.4	-	2,413.2
Deferred tax assets	142.9	13.6	28.7	14.4	-	-	-	-	1.4	200.9
Total non-current assets	**3,970.9**	**2,441.8**	**545.2**	**315.4**	**638.1**	**1,662.3**	**434.2**	**258.4**	**278.0**	**10,544.2**
Assets and operations held for sale	**0.0**	**0.0**	**-**	**2.0**	**-**	**-**	**-**	**-**	**-**	**2.0**
Inventories and work-in-progress	20.6	275.8	91.0	77.3	43.8	-	-	-	-	508.5
Trade receivables	1,325.5	242.4	136.6	125.1	67.5	-	-	-	1.9	1,899.0
Other current assets	150.0	48.7	50.3	17.0	5.7	-	-	-	11.9	283.6
Current income tax payable	48.9	9.6	-	11.6	0.3	-	-	-	0.0	70.5
Other current financial assets	54.7	5.1	0.3	0.6	0.2	-	-	-	381.3	442.2
Cash and cash equivalents	1,094.1	123.2	47.0	313.9	11.2	-	-	0.5	971.4	2,561.3
Total current assets	**2,693.9**	**704.8**	**325.1**	**545.5**	**128.7**	**-**	**-**	**0.5**	**1,366.4**	**5,765.0**
TOTAL ASSETS										**16,311.2**
Shareholders' equity – Group share										2,257.7
Non-controlling interests										1,039.4
Total shareholders' equity										**3,297.1**
Provisions	299.9	64.8	40.5	23.0	12.0	-	-	-	25.1	465.3
Financial debt	2,492.9	1,154.5	302.5	546.1	196.6	-	-	-0.0	2,885.1	7,577.7
Other current financial liabilities	82.9	149.8	0.4	5.0	8.4	-	-	-	271.7	518.2
Deferred tax liabilities	221.9	262.4	120.8	15.5	56.4	-	-	-	1.0	677.9
Total non-current liabilities	**3,097.7**	**1,631.5**	**464.2**	**589.6**	**273.4**	**-**	**-**	**-0.0**	**3,182.8**	**9,239.1**
Liabilities held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	-	56.7	2.3	0.1	6.9	-	-	-	0.2	66.1
Financial debt	589.5	159.1	6.4	13.4	30.4	-	-	-	568.4	1,367.2
Other current financial liabilities	114.3	28.4	0.5	1.7	-	-	-	-	258.3	403.1
Trade payables	347.7	306.5	103.6	62.4	17.8	-	-	0.1	12.1	850.2
Other current liabilities	693.6	77.3	95.3	51.9	51.6	-	-	0.0	14.6	984.2 (1)
Current income tax payable	66.4	26.7	-	8.6	2.0	-	-	0.0	0.3	104.1
Total current liabilities	**1,811.4**	**654.7**	**208.0**	**138.0**	**108.8**	**-**	**-**	**0.1**	**853.8**	**3,774.9**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY										**16,311.2**

(1) As of December 31, 2016 this amount included deferred revenue of €134.4 million.

The detail of Oranje-Nassau Développement's contribution to the 2016 balance sheet by business sector is as follows:

In millions of euros	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	SGI Africa	Oranje-Nassau Développement
Goodwill, net	84.1	173.4	18.2	-	-	275.6
Intangible assets, net	66.0	124.8	25.4	-	-	216.3
Property, plant & equipment, net	6.6	73.3	13.0	-	-	92.8
Non-current financial assets	0.7	0.3	1.8	-	-	2.8
Pledged cash and cash equivalents	-	0.2	-	-	-	0.2
Equity-method investments	-	-	-	24.7	25.7	50.4
Deferred tax assets	-	-	-	-	-	-
Total non-current assets	**157.4**	**372.0**	**58.3**	**24.7**	**25.7**	**638.1**
Assets and operations held for sale	**-**	**-**	**-**	**-**	**-**	**-**
Inventories and work-in-progress	10.0	25.8	8.0	-	-	43.8
Trade receivables	34.2	17.2	16.1	-	-	67.5
Other current assets	2.2	3.2	0.3	-	-	5.7
Current income tax payable	0.3	-	-	-	-	0.3
Other current financial assets	-	0.2	-	-	-	0.2
Cash and cash equivalents	2.0	3.3	6.0	-	-	11.2
Total current assets	**48.8**	**49.6**	**30.4**	**-**	**-**	**128.7**
Provisions	4.1	0.2	7.7	-	-	12.0
Financial debt	17.9	149.7	29.0	-	-	196.6
Other current financial liabilities	1.0	5.4	2.0	-	-	8.4
Deferred tax liabilities	16.4	30.6	9.4	-	-	56.4
Total non-current liabilities	**39.4**	**185.9**	**48.1**	**-**	**-**	**273.4**
Liabilities held for sale	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	6.9	-	-	-	-	6.9
Financial debt	15.0	11.9	3.5	-	-	30.4
Other current financial liabilities	-	-	-	-	-	-
Trade payables	7.3	5.8	4.7	-	-	17.8
Other current liabilities	36.5	13.1	2.0	-	-	51.6
Current income tax payable	-	0.1	2.0	-	-	2.0
Total current liabilities	**65.7**	**30.9**	**12.2**	**-**	**-**	**108.8**

Note 6-4 Balance sheet by business sector as of December 31, 2015

In millions of euros	Bureau Veritas	Constantia Flexibles	Allied Barton	Cromology	Stahl	Oranje-Nassau Dévelop-pement	Saint-Gobain	IHS	Wendel & holding companies	Group Total
Goodwill, net	2,172.4	713.1	902.5	205.0	53.6	258.5	-	-	-	4,305.0
Intangible assets, net	826.9	855.7	518.9	209.8	95.4	198.5	-	-	0.1	2,705.3
Property, plant & equipment, net	497.9	759.8	6.8	91.7	139.8	83.1	-	-	13.7	1,592.7
Non-current financial assets	76.6	103.8	43.4	6.1	1.6	2.5	-	-	235.6	469.6
Pledged cash and cash equivalents	-	-	33.9	-	-	0.2	-	-	0.5	34.6
Equity-method investments	4.8	-	-	1.1	-	36.6	3,014.4	669.9	-	3,726.8
Deferred tax assets	137.2	8.9	-	28.2	21.5	0.2	-	-	0.9	196.8
Total non-current assets	**3,715.7**	**2,441.3**	**1,505.4**	**541.8**	**311.9**	**579.6**	**3,014.4**	**669.9**	**250.7**	**13,030.8**
Assets and operations held for sale	**6.6**	**-**	**-**	**-**	**1.6**	**962.5**	**-**	**-**	**-**	**970.8**
Inventories and work-in-progress	18.3	253.2	-	88.5	81.9	44.0	-	-	-	485.8
Trade receivables	1,228.9	203.9	284.5	147.9	116.3	62.3	-	-	0.1	2,044.0
Other current assets	127.0	51.9	11.0	42.4	18.1	6.7	-	-	7.4	264.5
Current income tax payable	45.5	8.4	-	5.0	13.8	0.3	-	-	0.0	73.1
Other current financial assets	61.7	1.4	-	-	0.1	0.0	-	-	358.1	421.3
Cash and cash equivalents	522.9	63.9	4.3	32.8	77.8	14.0	-	-	472.9	1,188.6
Total current assets	**2,004.4**	**582.6**	**299.8**	**316.6**	**308.1**	**127.4**	**-**	**-**	**838.5**	**4,477.3**
TOTAL ASSETS										**18,478.9**
Shareholders' equity – Group share										2,982.0
Non-controlling interests										972.5
Total shareholders' equity										**3,954.5**
Provisions	282.2	65.6	19.2	34.2	19.6	10.7	-	-	22.0	453.4
Financial debt	2,311.0	1,231.6	872.3	314.6	210.6	204.6	-	-	3,516.1	8,660.9
Other current financial liabilities	52.1	98.2	61.8	1.2	0.1	9.4	-	-	525.7	748.4
Deferred tax liabilities	220.7	280.4	-	139.9	18.4	62.2	-	-	0.4	722.0
Total non-current liabilities	**2,865.9**	**1,675.8**	**953.3**	**489.9**	**248.7**	**286.8**	**-**	**-**	**4,064.2**	**10,584.6**
Liabilities held for sale	**1.8**	**-**	**-**	**-**	**-**	**792.6**	**-**	**-**	**-**	**794.3**
Provisions	-	57.4	68.0	0.7	0.2	9.8	-	-	-	136.0
Financial debt	78.9	14.3	31.6	0.3	28.6	18.8	-	-	737.8	910.3
Other current financial liabilities	118.7	42.1	0.8	-	-	-	-	-	23.1	184.6
Trade payables	302.5	245.8	45.1	97.0	68.8	21.2	-	-	4.7	785.0
Other current liabilities	660.4	77.3	81.5	99.8	49.5	50.3	-	-	15.6	1,034.3 (1)
Current income tax payable	72.1	17.4	0.0	-	4.7	0.8	-	-	0.2	95.2
Total current liabilities	**1,232.5**	**454.2**	**227.0**	**197.8**	**151.7**	**100.8**	**-**	**-**	**781.3**	**3,145.4**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY										**18,478.9**

(1) As of December 31, 2015 this amount included deferred revenue of €144.9 million.

The detail of Oranje-Nassau Développement's contribution to the 2015 balance sheet by business sector is as follows:

In millions of euros	Parcours	Mecatherm	CSP Technologies	Nippon Oil Pump	exceet	Oranje-Nassau Développement
Goodwill, net	-	84.1	157.3	17.2	-	258.5
Intangible assets, net	-	67.5	104.7	26.3	-	198.5
Property, plant & equipment, net	-	6.1	64.9	12.2	-	83.1
Non-current financial assets	-	0.6	0.3	1.6	-	2.5
Pledged cash and cash equivalents	-	-	0.2	-	-	0.2
Equity-method investments	-	-	-	-	36.6	36.6
Deferred tax assets	-	-	0.2	-	-	0.2
Total non-current assets	**-**	**158.3**	**327.5**	**57.3**	**36.6**	**579.6**
Assets and operations held for sale	**962.5**	**-**	**-**	**-**	**-**	**962.5**
Inventories and work-in-progress	-	12.2	24.4	7.4	-	44.0
Trade receivables	-	34.0	14.0	14.3	-	62.3
Other current assets	-	3.5	3.1	0.2	-	6.7
Current income tax payable	-	0.3	-	-	-	0.3
Other current financial assets	-	-	0.0	-	-	0.0
Cash and cash equivalents	-	5.2	3.4	5.4	-	14.0
Total current assets	**-**	**55.2**	**44.9**	**27.3**	**-**	**127.4**
Provisions	-	4.1	0.2	6.5	-	11.0
Financial debt	-	27.5	146.4	30.7	-	204.6
Other current financial liabilities	-	1.2	7.3	0.8	-	9.4
Deferred tax liabilities	-	20.5	31.8	9.8	-	62.2
Total non-current liabilities	**-**	**53.3**	**185.7**	**47.8**	**-**	**286.8**
Liabilities held for sale	**792.6**	**-**	**-**	**-**	**-**	**-**
Provisions	-	9.7	0.0	-	-	9.8
Financial debt	-	14.9	0.8	3.1	-	18.8
Other current financial liabilities	-	-	-	-	-	-
Trade payables	-	11.1	5.4	4.7	-	21.2
Other current liabilities	-	38.2	9.5	2.6	-	50.3
Current income tax payable	-	-	0.7	0.1	-	0.8
Total current liabilities	**-**	**73.9**	**16.4**	**10.5**	**-**	**100.8**

Note 6-5 Cash flow statement by business segment for 2016

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Dévelop-pement	Allied Barton	Allied Universal	Wendel & holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	811.1	273.9	48.0	138.6	43.8	70.0	-0.1	-49.9	-	1,335.6
Net cash flows from investing activities, excluding tax	-338.3	-119.1	-27.2	-38.3	-56.0	286.6	0.4	2,035.1	-738.4	1,004.7
Net cash flows from financing activities, excluding tax	315.1	-62.1	-7.2	149.0	9.3	-393.0	-3.5	-1,480.7	738.4	-734.8
Net cash flows related to taxes	-213.8	-35.1	1.3	-13.2	0.3	-0.8	-0.8	-6.9	-	-269.0

The detail of Oranje-Nassau Développement's contribution to the 2016 cash flow statement by business sector is as follows:

In millions of euros	Mecatherm	CSP Technologies	Nippon Oil Pump	Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	6.4	30.8	6.6	43.8
Net cash flows from investing activities, excluding tax	-2.4	-51.3	-2.3	-56.0
Net cash flows from financing activities, excluding tax	-8.8	21.9	-3.8	9.3
Net cash flows related to taxes	1.6	-1.1	-0.2	0.3

Note 6-6 Cash flow statement by business segment for 2015

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Oranje-Nassau Développement	Allied Barton	Wendel & holding companies	Eliminations and unallocated	Group total
Net cash flows from operating activities, excluding tax	939.8	197.1	45.3	126.0	216.6	-30.7	-58.8	-	1,435.2
Net cash flows from investing activities, excluding tax	-267.8	-1,440.4	-19.4	-23.1	-504.6	-574.0	991.9	-86.0	-1,923.4
Net cash flows from financing activities, excluding tax	-135.9	660.2	-42.7	-52.5	105.6	645.0	-480.9	86.0	784.7
Net cash flows related to taxes	-231.6	-23.1	-5.7	-16.7	-3.9	-0.0	9.8	-	-271.2

The detail of Oranje-Nassau Développement's contribution to the 2015 cash flow statement by business sector is as follows:

In millions of euros	Parcours	Mecatherm	CSP Technologies	Nippon Oil Pump	Oranje-Nassau Développement
Net cash flows from operating activities, excluding tax	186.5	8.3	16.9	5.0	216.6
Net cash flows from investing activities, excluding tax	-309.4	-1.3	-192.0	-2.0	-504.6
Net cash flows from financing activities, excluding tax	116.5	-6.3	-2.8	-1.7	105.6
Net cash flows related to taxes	-1.2	-1.3	-0.3	-1.2	-3.9

5.8 Notes on the balance sheet

The accounting principles applied to the aggregates on the balance sheet are described in note 1-11.1 “Presentation of the balance sheet”.

NOTE 7 Goodwill

The accounting principles applied to goodwill are described in note 1-10.1 “Goodwill”.

	12.31.2016		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,500.0	150.5	2,349.5
Constantia Flexibles	770.4	-	770.4
Cromology	410.0	198.4	211.6
Stahl	62.1	-	62.1
Oranje-Nassau Développement	293.9	18.3	275.6
TOTAL	**4,036.4**	**367.1**	**3,669.3**

	12.31.2015		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,321.1	148.7	2,172.4
Constantia Flexibles	713.1	-	713.1
AlliedBarton	902.5	-	902.5
Cromology	404.6	199.7	205.0
Stahl	53.6	-	53.6
Oranje-Nassau Développement	276.7	18.3	258.5
TOTAL	**4,671.6**	**366.6**	**4,305.0**

The principal changes during the year were as follows:

In millions of euros	2016	2015
Net amount at beginning of the year	**4,305.0**	**2,701.2**
Changes in scope of consolidation [(1)]	-675.7	1,729.8
Reclassification of Parcours under “Operations held for sale”	-	-35.8
Impact of changes in currency translation adjustments and other	39.9	18.0
Impairment for the year	-	-108.3
NET AMOUNT AT THE END OF THE YEAR	**3,669.3**	**4,305.0**

(1) Including €126.8 million in Bureau Veritas, €56.9 million in Constantia Flexibles, €10.4 million in CSP Technologies and -€884.1 million in AlliedBarton (see note 2 “Changes in scope of consolidation”).

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 1-10.1 "Goodwill"). The Group's CGUs are its fully consolidated subsidiaries as of December 31, 2016: Bureau Veritas, Constantia Flexibles, Cromology, Stahl, CSP Technologies, Mecatherm, and Nippon Oil Pump.

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 the financial statements were finalized on the positions existing at the end of December 2016. The uncertain global economic picture has complicated forecasting, 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 2016 balance sheet 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 Impairment test on the Goodwill of Bureau Veritas (listed company)

The carrying amount of the Bureau Veritas shares at end-2016 (€5.13 per share, or €923.2 million for the shares held) was significantly below their fair value (closing share price: €18.41 per share, or €3,312.9 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, CSP Technologies, Mecatherm, and Nippon Oil Pump

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 subsidiary, the value calculated for Wendel's share of the capital (including shareholder loans where appropriate) is compared to the carrying amount (share of shareholders' equity increased, where appropriate, for shareholder loans eliminated on consolidation).

1. Constantia Flexibles

A discount rate of 8% was used for Constantia Flexibles and a long-term growth rate of 2% was applied to post-business plan cash flows as in 2015. The business plan covers a five-year period. Constantia Flexibles' value in use was higher than its carrying amount at December 31, 2016. No impairment was recognized. In addition, an analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment charge to be recognized, a long-term growth rate below 1.2% or a discount rate above 8.7% would be necessary. A one percentage point reduction in the normative margin used for cash flows after the end of the five-year business plan period would not call for an impairment.

2. Cromology

A discount rate of 8% was used for calculating future discounted cash flows, and a long-term growth rate of 2% was applied to post-business plan cash flows, as in 2015. The business plan covers a five-year period. Cromology's value in use was above its carrying amount as of December 31, 2016, and accordingly no impairment was recognized. In addition, an analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For the calculated value to be less than the carrying amount, the discount rate would have to exceed 11.5% or the long-term growth rate would have to be negative. Finally, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by one percentage point, no impairment would have to be recognized.

3. Stahl

A discount rate of 9% was used for Stahl and a long-term growth rate of 2% was applied to post-business plan cash flows, as in 2015. The business plan covers a five-year period. Stahl's value in use was higher than its carrying amount at December 31, 2016. No impairment was recognized. In addition, an analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an impairment loss to be recognized at the Wendel level, the long-term growth rate would have to become negative, or the discount rate would have to rise significantly (to exceed 20%). Moreover, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 percentage point, no impairment would have to be recognized.

4. CSP Technologies

A discount rate of 8% was used for CSP Technologies and a long-term growth rate of 2.5% was applied to post-business plan cash flows. The business plan covers a five-year period. Stahl's value in use was higher than its carrying amount at December 31, 2016. Therefore no impairment was recognized. Sensitivity analysis shows that in the event of a change in the scope of consolidation (an increase of 0.5% in the long-term discount rate, or a reduction of 0.5% in the long-term growth rate), the value in use would be close to the carrying value. Moreover, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 percentage point, no impairment would have to be recognized.

5. Mecatherm

The business plan used was prepared by Wendel and covered a five-year period. A discount rate of 9% was used for Mecatherm and a long-term growth rate of 2% was applied to post-business plan cash flows, as in prior account closings The value in use of Mecatherm calculated as of December 31, 2016 is greater than the net carrying amount. No impairment was recognized. An analysis of the test's sensitivity to the discount rate and to the long-term growth assumption showed there would be no additional impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For an additional impairment charge to be recognized, the long-term growth rate would have to be negative or the discount rate would have to exceed 11.3%. Moreover, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 percentage point, no impairment would have to be recognized.

6. Nippon Oil Pump

A discount rate of 6.3% was used for Nippon Oil Pump, which is located in Japan, and a long-term growth rate of 1% was applied to post-business plan cash flows. The business plan covers a five-year period. Nippon Oil Pump's value in use was above its carrying amount as of December 31, 2016, and accordingly no impairment was recognized. An analysis of sensitivity to the discount rate and to the long-term growth assumption showed there would be no impairment in the event that these parameters fluctuated by +0.5% and -0.5%, respectively. For the calculated value to be less than the carrying amount, the discount rate would have to exceed 8.0% or the long-term growth rate would have to be negative. Finally, if the normative margin used for cash flows after the end of the five-year business plan period were reduced by 1 percentage point, no impairment would have to be recognized.

NOTE 8 Intangible assets

The accounting principles applied to intangible assets are described in notes 1-10.2 "Intangible assets", 1-10.3 "Other intangible assets" and 1-10.5 "Impairment of tangible and intangible assets".

The details by subsidiary are presented in note 6 "Segment information".

	12.31.2016		
In millions of euros	Gross amount	Depreciation and provisions	Net amount
Amortizable assets			
Internally generated	**57.8**	**20.1**	**37.7**
Acquired			
Concessions, patents, and licenses	180.5	94.4	86.1
Customer relationships	2,569.4	1,040.3	1,529.1
Software	213.3	127.7	85.6
Other intangible assets	73.8	42.0	31.8
Intangible assets in progress	27.7	-	27.7
	3,064.7	**1,304.4**	**1,760.2**
With indefinite useful life			
Acquired			
Brands	471.0	30.1	440.8
	471.0	**30.1**	**440.8**
TOTAL	**3,593.4**	**1,354.6**	**2,238.8**

	12.31.2015		
In millions of euros	Gross amount	Depreciation and provisions	Net amount
Amortizable assets			
Internally generated	**45.4**	**14.8**	**30.6**
Acquired			
Concessions, patents, and licenses	160.5	79.3	81.2
Customer relationships	2,648.8	887.9	1,760.9
Software	180.0	121.3	58.7
Other intangible assets	71.3	12.1	59.2
Intangible assets in progress	18.6	-	18.6
	3,079.2	**1,100.7**	**1,978.6**
With indefinite useful life			
Acquired			
Brands	725.5	29.3	696.2
	725.5	**29.3**	**696.2**
TOTAL	**3,850.1**	**1,144.8**	**2,705.3**

The principal changes during the year were as follows:

In millions of euros	2016	2015
Amount at beginning of the year	**2,705.3**	**1,254.9**
Acquisitions	44.6	41.2
Internally generated assets	10.9	6.5
Reclassification of Parcours under "Operations held for sale"	-	-6.9
Changes in scope of consolidation [(1)]	-328.8	1,585.8
Impact of currency translation adjustments and other	21.6	9.4
Amortization and impairment losses for the year	-214.9	-185.5
AMOUNT AT END OF THE YEAR	**2,238.8**	**2,705.3**

(1) In 2016, the changes in scope of consolidation include the effects related to the acquisitions made (Bureau Veritas for €96.3 million, Constantia Flexibles for €30.6 million, CSP Technologies for €26.0 million) and the exit of AlliedBarton for -€493.9 million (see note 2 "Changes in scope of consolidation").

NOTE 9 Property, plant and equipment

The accounting principles applied to property, plant and equipment are described in notes 1-10.4 "Tangible assets" and 1-10.5 "Impairment of tangible and intangible assets".

The details by subsidiary are presented in note 6 "Segment information".

	12.31.2016		
In millions of euros	Gross amount	Depreciation and provisions	Net amount
Land	128.7	1.7	127.0
Buildings	483.9	144.9	339.1
Plant, equipment, and tooling	1,878.7	947.9	930.8
Other property, plant & equipment	462.6	315.8	146.7
Assets under construction	92.3	-	92.3
TOTAL	**3,046.2**	**1,410.2**	**1,635.9**

	12.31.2015		
In millions of euros	Gross amount	Depreciation and provisions	Net amount
Land	132.3	1.6	130.8
Buildings	457.1	118.2	338.9
Plant, equipment, and tooling	1,673.2	775.9	897.2
Other property, plant & equipment	437.7	290.9	146.8
Assets under construction	79.0	-	79.0
TOTAL	**2,779.3**	**1,186.5**	**1,592.7**

The principal changes during the year were as follows:

In millions of euros	2016	2015
Amount at beginning of the year	**1,592.7**	**1,415.8**
Acquisitions (1)	274.8	659.4
Divestments	-33.1	-10.1
Parcours: reclassification in inventory of used vehicles (net)	-	-102.4
Reclassification of Parcours under "Operations held for sale"	-	-797.8
Changes in scope (2)	32.3	827.0
Impact of currency translation adjustments and other	13.9	-19.1
Depreciation and provisions recognized during the year	-244.8	-380.0
AMOUNT AT END OF THE YEAR	**1,635.9**	**1,592.7**

(1) *Acquisitions concern mainly Bureau Veritas for €125.5 million and Constantia Flexibles for €98.2 million.*
(2) *Changes in scope of consolidation include the impact of additions to the scope in the case of Constantia Flexibles for €27.0 million and in the case of Bureau Veritas for €9.4 million as well as the exit of AlliedBarton for -€6.8 million.*

NOTE 10 Equity-method investments

The accounting principles applied to equity-method investments are described in note 1-3 "Methods of consolidation".

In millions of euros	12.31.2016	12.31.2015
Saint-Gobain	1,662.3	3,014.4
IHS	434.2	669.9
exceet	24.7	36.6
Allied Universal	258.4	-
SGI Africa	25.7	-
Investments of Constantia Flexibles	1.2	-
Investments of Bureau Veritas	5.0	4.8
Investments of Cromology	1.7	1.1
TOTAL	**2,413.2**	**3,726.8**

The change in equity-method investments broke down as follows:

In millions of euros	2016
Amount at beginning of the year	**3,726.8**
Share in net income for the period	
Saint-Gobain	117.9
IHS	-200.6
exceet	-14.8
Allied Universal	-26.1
SGI Africa	-0.5
Other	1.4
Dividends for the year	-44.4
Impact of changes in currency translation adjustments	28.6
Divestments (1)	-1,508.4
Reinvestment in IHS	43.0
Allied Universal scope entry	270.0
Investment in SGI Africa	26.2
Impact of dilution on Saint-Gobain	-1.5
Impact of dilution on IHS	3.5
Changes in scope of consolidation	1.1
Other	-9.0
AMOUNT AS OF DECEMBER 31, 2016	**2,413.2**

(1) The disposal of Saint-Gobain shares for €1,407.9 million (see note 2 "Changes in scope of consolidation") and the exit of the IHS shares held by the co-investors for -€99.7 million (see note 10-2 "Additional information on IHS").

Note 10-1 Additional information on Saint-Gobain

The main Saint-Gobain accounting data (at 100%) are the following (including the impact of the goodwill recognized on acquiring the equity):

In millions of euros	12.31.2016	12.31.2015
Carrying values at 100%		
Total non-current assets	27,259	27,309
Total current assets	16,508	17,547
Impact of the revaluation of acquired assets and liabilities (1)	4,044	3,760
Goodwill adjustment (Wendel) (2)	2,877	2,870
Non-controlling interests	375	364
Total non-current liabilities	12,179	12,921
Total current liabilities	12,448	12,615
including cash and cash equivalents	*3,738*	*5,380*
including financial debt	*9,382*	*10,177*

(1) Owing to the change in the tax rate in France, a deferred tax income of €20.2 million (Wendel share) was posted.
(2) Value of residual goodwill after impairment, see note 10-6.1 "Impairment test on Saint-Gobain".

In millions of euros	2016	2015
Net sales	39,093	39,623
Income from ordinary activities	2,818	2,636
Operating income	2,304	1,294
Recurring net income – Group share	1,398	1,165
Net income – Group share	1,311	1,295
Impact of the revaluation of acquired assets and liabilities	284	-62

Note 10-2 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	12.31.2016	12.31.2015
Carrying values at 100%		
Total non-current assets	3,470.3	3,558.6
Total current assets	813.0	788.4
Goodwill adjustment (Wendel)	66.3	64.2
Non-controlling interests	73.0	190.7
Total non-current liabilities	2,163.2	1,764.7
Total current liabilities	408.4	224.4
including cash and cash equivalents	*451.6*	*568.9*
including financial debt	*1,808.6*	*1,412.3*

In millions of euros	2016	2015
Net sales	817.9	652.0
EBIT	75.5	77.9
Financial result, excluding foreign exchange	-198.9	-111.3
Currency impact on financial liabilities (1)	-812.8	-231.2
Adjustment for prior financial years	18.8	-
Net income – Group share	-800.9	-393.2

(1) Owing to the devaluation of the naira, the IHS group recognized a currency translation carrying charge related to liabilities denominated in dollars carried by Nigerian companies whose functional currency is the naira. The use of dollar-denominated liabilities in Nigeria is justified because certain aspects of the contracts are indexed to the dollar.

Following the change in the shareholders' agreement of the co-investment vehicle through which some of the Group's partners have invested in IHS, the shares held indirectly by them no longer appear as equity-method shares. Likewise, the financial liabilities recorded to offset these equity-method investments have been canceled. The net carrying impact is €97.5 million on the profit/loss for the year, of which €15.8 million in net financial expense and €81.7 million in net income (loss) from equity-method investments.

Concerning access to the dollar for Nigerian operations, it should be noted that IHS, a strategic infrastructure manager for the Nigerian economy, had to organize its currency management carefully but did not experience any particular problems in 2016.

Note 10-3 Additional information on exceet

The main exceet accounting data (at 100%) are the following (including the impact of the goodwill recognized on acquiring the equity).

In millions of euros	12.31.2016	12.31.2015
Carrying values at 100%		
Total non-current assets	70.4	96.9
Total current assets	81.4	89.6
Impact of the revaluation of acquired assets and liabilities	2.5	23.1
Total non-current liabilities	44.0	55.2
Total current liabilities	23.7	25.8
including cash and cash equivalents	*30.9*	*33.3*
including financial debt	*36.3*	*41.4*

In millions of euros	2016	2015 restated (1)
Net sales	135.3	136.4
EBITDA	8.1	10.0
Recurring net income – Group share	-4.4	1.7
Net income from discontinued operations and operations held for sale – Group share	-24.3	0.2
Net income – Group share	-31.4	-1.2
Impact of the revaluation of acquired assets and liabilities	-20.6	-8.1

(1) In accordance with IFRS 5, the contribution of the activities of the IDMS division is presented by exceet in "Net income from discontinued operations and operations held for sale" in 2015 and 2016.

On February 4, 2017, exceet was informed that Greenock, one of its principal shareholders, had received some letters of interest from potential buyers of its stake in the company for a price of between €3.90 to €4.00 per share. In addition, exceet was informed on March 10, 2017 that Wendel had received from a potential buyer a letter of interest for the acquisition of its stake in the company at a price of €4.10 per share. These operations would, if necessary, be followed by a public offering on all the share capital.

Note 10-4 Additional information on Allied Universal

The main Allied Universal accounting data (at 100%) are listed below (including the impact of the goodwill recognized on acquiring the equity).

In millions of euros	12.31.2016
Carrying values at 100%	
Total non-current assets	3,428.3
Total current assets	836.5
Impact of the revaluation of acquired assets and liabilities	3.3
Non-controlling interests	0.5
Total non-current liabilities	3,227.3
Total current liabilities	399.5
including cash and cash equivalents	*10.2*
including financial debt	*2,762.7*

In millions of euros	2016
Net sales	1,897.0
Operating income	39.7
Business income	-1.2
Net income – Group share	-88.9
Impact of the revaluation of acquired assets and liabilities	-80.6

Note 10-5 Additional information on SGI Africa

The main SGI Africa accounting aggregates (at 100%) are listed below (including the impact of the goodwill recognized on acquiring the equity).

In millions of euros	12.31.2016
Carrying values at 100%	
Total non-current assets	54.4
Total current assets	16.9
Impact of the revaluation of acquired assets and liabilities	8.7
Total non-current liabilities	
Total current liabilities	15.7
including cash and cash equivalents	*18.2*
including financial debt	*15.7*

In millions of euros	2016
Net sales	2.1
Income from ordinary activities	- 0.9
Net income – Group share	- 1.3

Note 10-6 Impairment tests on equity-method investments

No impairment test was performed on Allied Universal, IHS or SGI Africa because no indication of impairment was identified on these investments.

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the closing date, as well as information available at the date the financial statements were finalized on the positions existing at the end of 2016. The uncertain global economic picture has complicated forecasting, 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 2016 closing date.

Note 10-6.1 Impairment test on Saint-Gobain shares

An impairment test was performed on the Saint-Gobain shares, because as of December 31, 2016, their carrying amount, calculated according to the equity method, was higher than their market value.

In accordance with IAS 36, recoverable value was determined as the higher of (i) fair value, i.e. the share price at the balance sheet date (€44.26 per share, or €1,584.9 million for the 35.8 million Saint-Gobain shares); and (ii) value in use, i.e. the discounted value of future cash flows.

Wendel performed this discounted cash flow valuation. The five-year business plan used in this calculation was prepared by Wendel using, among other things, research on the sector published by leading forecasters, Wendel's internal analyses and studies carried out by Wendel. The assumptions underlying the business plan (trends in underlying markets, price effects, etc.) were developed by sector and by country. In accordance with IAS 36, the business plan included no strategic acquisitions. In particular, the plan did not include the acquisition of Schenker-Winkler Holding AG, which holds 16.97% of the share capital and 52.92% of the voting rights of Sika, as this acquisition remained to be completed at the 2016 year-end. Finally, the assumptions used in calculating post-business plan cash flows (i.e. growth in sales and normative profitability) were based on an analysis of the historical performances of Saint-Gobain's activities over more than 20 years.

The long-term growth rate applied to post-business plan cash flows was the same as that used at previous reporting dates, namely 2%. The discount rate used was also identical to that used at prior balance sheet dates: 8%. It was based in particular on market parameters (risk-free rate, market premium, beta of comparables) and took into account risks specific to the business plan.

At December 31, 2016 the gross carrying amount of Saint-Gobain shares on Wendel's financial statements was €47.76 per share, or €1,710.3 million. The impairment recognized on Saint-Gobain shares was €1.34 per share, or €48 million. As such, the net carrying amount of the shares was €46.42 per share as of December 31, 2016, i.e. €1,662.3 million for all the shares. The estimated value in use at the December 31, 2016 close was similar, at €46.84 per share. No significant new element bearing on Saint-Gobain or its environment warrants an adjustment to the impairment provision. Impairment is therefore unchanged at €1.34 per share.

Sensitivity analysis shows that:

- if the discount rate were 0.5% higher, an additional impairment of €158 million would have to be recognized;
- if the long-term growth rate were 0.5% lower, an additional impairment of €115 million would have to be recognized; or
- if the normative margin used for cash flows after the end of the five-year business plan period were reduced by one percentage point, an additional impairment charge of €237 million would have to be recognized.

Finally, the model as a whole is also sensitive to the assumptions of the five-year business plan.

The difference between the net carrying amount and the market price reflects Wendel's investment horizon and the significant influence Wendel exerts over Saint-Gobain.

Note 10-6.2 Impairment test on exceet shares

An impairment test was performed on these equity-method shares, as their carrying value was higher than their market value.

Pursuant to IAS 36, recoverable value was determined as the higher of (i) fair value, i.e. the share price at the balance sheet date (€2.39 per share, or €13. 6million for the 5.7 million Saint-Gobain shares held); and (ii) value in use, i.e. the discounted value of future cash flows.

Wendel performed this discounted cash flow valuation. The business plan used covers an eight-year period, and in accordance with IAS 36, no strategic acquisitions have been included in its assumptions. As in 2015, the long-term growth rate applied to post-business plan cash flows was 2% and the discount rate was 10%. Based on these assumptions, the value in use was €5.1 per share, i.e. €29.2 million for all shares held. It is higher than the net carrying amount as of December 2016 (€4.3/share, €24.7 million for all the treasury shares). Therefore no additional provision is recognized.

Sensitivity analysis shows that:

- in the event of a 0.5% increase in the discount rate;
- in the event of a 0.5% reduction in the long-term growth rate; or
- in the event of a one percentage point reduction in the normative margin used for cash flows after the 8-year business plan.

The value in use would still be slightly higher than the net carrying amount, meaning that no additional impairment would need to be recognized.

In addition, the Group has received from a potential buyer a letter of interest for the acquisition of its investment in exceet (see note 10-3 "Additional information on exceet").

NOTE 11 Trade receivables

	12.31.2016			12.31.2015
In millions of euros	Gross amount	Provisions	Net amount	Net amount
Bureau Veritas	1,393.9	68.4	1,325.5	1,228.9
Constantia Flexibles	247.3	4.9	242.4	203.9
Allied Barton	-	-	-	284.5
Cromology	160.3	23.7	136.6	147.9
Stahl	130.3	5.2	125.1	116.3
Oranje-Nassau Développement	71.7	4.1	67.5	62.3
Wendel and holding companies	2.0	0.0	1.9	0.1
TOTAL	**2,005.3**	**106.4**	**1,899.0**	**2,044.0**

Unprovisioned past-due trade receivables and related accounts for the largest subsidiaries were as follows:

- for Bureau Veritas: a total of €417.3 million at December 31, 2016 vs. €420,3 million at December 31, 2015, of which €141.0 million and €119.7 million, respectively, were more than three months past due;
- for Constantia Flexibles: a total of €40.2 million at December 31, 2016 vs. €38.5 million at December 31, 2015, of which €5.4 million and €8.7 million, respectively, were more than three months past due;
- for Cromology: a total of €25.7 million at December 31, 2016 vs. €33.9 million at December 31, 2015, of which €6.8 million and €8.5 million, respectively, were more than three months past due; and
- for Stahl: a total of €16.2 million at December 31, 2016 vs. €16.5 million at December 31, 2015, of which €0.1 million and €2.0 million, respectively, were more than three months past due.

NOTE 12 Cash and cash equivalents

The accounting principles applied to cash and cash equivalents are described in note 1-10.9 "Cash and cash equivalents pledged and unpledged".

In millions of euros	12.31.2016 Net amount	12.31.2015 Net amount
Pledged cash and cash equivalents of Wendel and its holding companies, classified as non-current assets	0.5	0.5
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as current assets	970.8	469.8
Cash and cash equivalents of Wendel and its holding companies (1)	**971.3**	**470.3**
Pledged cash and cash equivalents of subsidiaries and other holding companies, classified as non-current assets	0.2	34.1
Unpledged cash and cash equivalents of subsidiaries and other holding companies, classified as current assets:		
Bureau Veritas	1,094.1	522.9
Constantia Flexibles	123.2	63.9
AlliedBarton	-	4.3
Cromology	39.1	25.8
Stahl	313.9	77.8
Oranje-Nassau Développement	11.2	14.0
Other holding companies	8.9	10.1
Cash and cash equivalents of subsidiaries and other holding companies	**1,590.6**	**752.9**
TOTAL	**2,562.0**	**1,223.2**
of which non-current assets	***0.7***	***34.6***
of which current assets	***2,561.3***	***1,188.6***

(1) In addition to this cash, Wendel had €348,2 million in short-term financial investments as of December 31, 2016 and €328.9 million as of December 31, 2015 (see note 5-2.1 "Liquidity risk of Wendel and the holding companies") recognized 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 1-10.6 "Financial assets and liabilities" and 1-10.7 "Methods of measuring the fair value of financial instruments".

Note 13-1 Financial assets

In millions of euros	Method of recognition of variations	Level	12.31.2016	12.31.2015
Pledged cash and cash equivalents of Wendel and its holding companies	Income statement (1)	1	0.5	0.5
Unpledged cash and cash equivalents of Wendel and its holding companies	Income statement (1)	1	970.8	469.8
Wendel's short-term financial investments	Income statement (1)	1	348.2	328.9
Cash and short-term financial investments of Wendel and its holding companies			**1,319.5**	**799.2**
Pledged cash and cash equivalents of subsidiaries	Income statement (1)	1	0.2	34.1
Cash and cash equivalents of subsidiaries	Income statement (1)	1	1,590.5	718.8
Assets available for sale - A	Shareholders' equity (2)	3	151.9	217.3
Financial assets at fair value through profit or loss	Income statement (1)	1	26.2	28.8
Loans - B	Amortized cost	N/A	99.2	92.5
Deposits and guarantees	Amortized cost	N/A	77.1	78.4
Derivatives - C	Income statement (1)/Sh. equity (2)	See C	17.4	27.7
Other			107.6	117.4
TOTAL			**3,389.6**	**2,114.1**
of which non-current financial assets, including pledged cash and cash equivalents			***386.2***	***504.2***
of which current financial assets, including cash and cash equivalents			***3,003.4***	***1,609.9***

(1) Change in fair value through profit or loss.
(2) Change in fair value through shareholders' equity.

Note 13-2 Financial liabilities

In millions of euros	Method of recognition of variations	Level	12.31.2016	12.31.2015
Derivatives - C	Income statement (1)/Sh. equity (2)	See C	94.9	14.2
Minority puts, earn-outs and other financial liabilities of subsidiaries - D	Income statement (1)/Sh. equity (2)	3	360.6	342.6
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies - E	Income statement (1)/Sh. equity (2)	3	465.9	394.0
Financial liabilities linked to the co-investment vehicle in IHS - F	Income statement (1)	3	-	182.3
TOTAL			**921.3**	**933.1**
of which non-current financial liabilities			***518.2***	***748.4***
of which current financial liabilities			***403.1***	***184.6***

(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 - At December 31, 2016 this item included the **Saham Group investment**. Based in Morocco, Saham is majority-owned by its founder and historically has two business lines: insurance and customer relationship centers. It is also expanding in the fields of real estate, health and education. Wendel's investment represents 13.3% of the Saham Group's share capital. It is measured at fair value in the amount of €120.8 million (vs. €112.6 million at year-end 2015). The change in value is recognized in consolidated reserves as "Gains and losses on assets held for sale" in the amount of +€8.2 million, in accordance with the accounting principles (see note 1-10.6 "Accounting principles: financial assets and liabilities".)

B – **Loans**: the total notably includes a loan granted to Kerneos (leader in aluminate technology) when it was sold by Materis in 2014. As of December 31, 2016, the face value of this loan (after capitalization of interest) was €46.9 million. This loan was repaid in early 2017.

This item also includes Sterigenics debt (world leader in sterilization services), acquired in 2015, the face value of which is $47 million. This debt, maturing in 2023, carries an annual coupon of 6.5%.

C – **Derivatives:**

In millions of euros	Level	12.31.2016 Assets	12.31.2016 Liabilities	12.31.2015 Assets	12.31.2015 Liabilities
Interest rate swaps – hedging of cash flows (1)	2	-	8.1	4.3	-
Interest rate swaps – not qualifying for hedge accounting (1)	2	2.3	9.3	4.9	8.5
Cross currency swaps – hedging of cash flows (1)	2	-	15.6	-	-
Optional component of bonds exchangeable for Saint-Gobain shares	2	-	48.4	-	-
Other derivatives – not qualifying for hedge accounting	2	15.1	13.4	18.4	5.7
TOTAL		**17.4**	**94.9**	**27.7**	**14.2**
of which non-current portion		***2.4***	***81.7***	***8.2***	***6.4***
of which current portion		***15.0***	***13.2***	***19.5***	***7.8***

(1) See description of swaps in the following note.

D – **Minority puts, earn-outs and other financial liabilities of subsidiaries:** at December 31, 2016, this amount related in particular to Bureau Veritas in the amount of €181.1 million and Constantia Flexibles in the amount of €164.4 million. It is largely comprised of minority put options, deposits and securities received.

E – **Minority puts, earn-outs and other financial liabilities of Wendel and holding companies:** at December 31, 2016, this amount mainly reflected puts written to a non-controlling interest, Clariant, on its equity in Stahl and to the Turnauer Foundation on 50% of its equity in Constantia Flexibles. It also includes liabilities for certain liquidities granted as part of co-investments. See note 34-6 "Shareholder agreements and co-investment mechanisms".

F – **Other financial liabilities:** see note 10-2, "Equity-method investments – Additional information on IHS".

Note 13-4 Interest rate swaps and foreign exchange hedges

The value of interest rate 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)	12.31.2016	12.31.2015
	sign convention: (+) asset, (-) liability					
Hedging of debt carried by Wendel						
$885 million/€800 million	Pay 2.23% in US dollars against 0.24% in euros (2)		03.2016	11.2022	-15.6	
	Other				0.2	0.1
					-15.4	**0.1**
Hedging of subsidiaries' debt						
€180 million	Caps and tunnels on Euribor with maturities between 10-2017 and 10-2019				-0.2	-0.5
€80 million	Pay 0.19% on Euribor (0% floor)	hedge	pre-closing	10.2017	-0.1	0.1
€20 million	Pay 0.20% on Euribor (0% floor)	hedge	pre-closing	10.2017	-0.0	-4.5
$113 million	2% cap on Libor		pre-closing	04.2017	-	2.2
€200 million	Pay 0.75% against Euribor	hedge	pre-closing	04.2022	-8.4	
€400 million	2.00% cap against Euribor		pre-closing	04.2020	1.7	
	Other (3)				-8.3	3.3
					-15.2	**0.6**
TOTAL					**-30.7**	**0.7**

(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 Shareholders' equity

Note 14-1 Total number of shares

	Par value	Total number of shares	Treasury shares	Number of shares outstanding
As of 12/31/2015	€4	47,992,530	1,963,301	46,029,229
As of 12/31/2016	€4	47,092,379	1,446,126	45,646,253

The reduction of 900,151 shares is due to:

- the exercise of stock options (37,200 shares);
- subscriptions to the Company savings plan (23,486 shares); and
- the cancellation of 960,837 shares.

Note 14-2 Treasury shares

The accounting principles applied to treasury shares are described in note 1-10.13 "Treasury shares".

As of December 31, 2016, 100,000 shares were held for the purposes of the liquidity contract, unchanged from December 31, 2015.

As of December 31, 2016, Wendel held 1,346,126 of its shares in treasury outside the context of the liquidity contract (1,863,301 as of December 31, 2015). These treasury shares are primarily allocated to cover stock option exercises and grants of bonus and performance shares and, in 2016, the remainder were retained for potential acquisitions.

The net decrease of 517,175 shares was due to:

- the purchase of 593,903 shares during the year;
- the sale of 150,241 shares in the exercise of the purchase-type stock option plan and the delivery of performance shares; and
- the cancellation of 960,837 shares.

In total, shares held in treasury represented 3.07% of the share capital as of December 31, 2016.

Note 14-3 Non-controlling interests

In millions of euros	% interest as of December 31, 2016	12.31.2016	12.31.2015
Bureau Veritas Group	58.80%	832.2	758.5
Constantia Flexibles Group	39.51%	220.5	220.3
Cromology Group	9.96%	-28.6	-22.7
Stahl Group	24.73%	-1.2	-0.3
Parcours Group	-	-	2.0
Mecatherm Group	1.43%	2.0	1.5
Other		14.5	13.1
TOTAL		**1,039.4**	**972.5**

NOTE 15 Provisions

The accounting principles applied to provisions are described in notes 1-10.10 "Provisions" and 1-10.11 "Provisions for employee benefits".

In millions of euros	12.31.2016	12.31.2015
Provisions for risks and contingencies	223.5	307.1
Employee benefits	308.0	282.3
TOTAL	**531.5**	**589.4**
of which non-current	***465.3***	***453.4***
of which current	***66.1***	***136.0***

Note 15-1 Provisions for risks and contingencies

In millions of euros	12.31.2015	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	Currency translation adjustments, reclassifications	12.31.2016
Bureau Veritas								
Disputes and litigation	57.5	10.2	-8.6	-2.4	0.3	-	0.8	57.8
Other	76.2	22.3	-41.5	-1.4	-	6.8	1.4	63.8
Cromology	9.9	4.4	-1.6	-1.8	-	-	-0.1	10.8
Stahl	1.2	0.3	-	-	-	-0.4	-0.0	1.0
Constantia Flexibles	61.6	4.7	-16.2	-	-	6.9	0.2	57.1
AlliedBarton	68.0	17.6	-17.4	-	-	-66.9	-1.4	-
Oranje-Nassau Développement	11.9	11.0	-5.1	-8.6	-	-	0.0	9.2
Wendel and holding companies	20.7	3.5	-0.4	-	-	-	-	23.7
TOTAL	**307.1**	**73.9**	**-90.8**	**-14.3**	**0.3**	**-53.6**	**0.9**	**223.5**
of which current	*136.0*							*66.1*

In millions of euros	12/31/2014	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	Currency translation adjustments, reclassifications	12.31.2015
Bureau Veritas								
Disputes and litigation	51.5	11.1	-1.8	-3.3	-	-	-	57.5
Other	63.6	29.7	-20.1	-5.4	-	-	8.4	76.2
Cromology	11.2	2.5	-3.4	-0.3	-	-	-0.2	9.9
Stahl	1.4	0.1	-0.3	-0.0	-	-	-0.0	1.2
Constantia Flexibles	-	7.0	-3.4	-	-	58.0	-	61.6
Allied Barton	-	3.0	-2.8	-	-	72.6	-4.8	68.0
Oranje-Nassau Développement	8.3	10.9	-3.0	-	-	-	-4.3	11.9
Wendel and holding companies	22.4		-1.7	-	-	-	-	20.7
TOTAL	**158.4**	**64.2**	**-36.4**	**-9.1**	**-**	**130.6**	**-0.8**	**307.1**
of which current	*8.3*							*136.0*

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 that aim, among other things, to invoke its professional liability with regard to services it has provided. 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 for litigation on contracts changed because developments in ongoing litigation during the year led to changes in estimates. They also reflected new risks that, taken individually, and given Bureau Veritas' insurance coverage, are not material. Provisions have been recognized on the losses that may result from such litigation, after taking into account the amounts covered by the Bureau Veritas Group's insurance policies.

Accordingly, Bureau Veritas estimated that a total provision of €10.2 million was necessary for certain of these risks in 2016 (vs. €11.1 million in 2015), given the development of certain claims.

The calculation of provisions for risks and contingencies as of December 31, 2016 takes into account developments in the exceptional litigation that arose in 2004 in relation to the construction of a hotel and retail complex in Turkey. No amendment was made to the provision for the exceptional litigation that arose in 2004 pertaining to the crash of a Gabon Express flight.

On the basis of the insurance coverage relating to these legal claims, on the information currently available, and after taking into account the opinions of its legal advisors, Bureau Veritas considers that these claims will not have a significant adverse effect on its consolidated financial statements.

In terms of other provisions for risks and contingencies, Bureau Veritas has recognized additional provisions of €22.3 million and has reversed €42.9 million of provisions, giving a net increase of €20.6 million. Provisions for restructuring fell by €22.2 million during the period, while provisions for tax contingencies rose by €8.6 million. The total balance of movements over the year included provisions recognized for losses on contracts and other operating risks.

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

Provisions recognized by Constantia Flexibles principally include a provision for its future obligations under a long-term performance-based profit-sharing plan for certain executives and a provision for pending litigation concerning a "squeeze out" of shares in Constantia Packaging AG.

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:

- a provision is maintained for an environmental risk concerning potential costs related to the rehabilitation of land which belonged to a Group subsidiary whose operations were discontinued in 1967;
- various appeals have been brought against Wendel by Éditions Odile Jacob in the wake of Wendel's takeover of Editis from Lagardère in 2004. On a European level, in its decision of January 28, 2016, the European Union Court of Justice dismissed the applications made by Editions Odile Jacob. In France, the proceedings instituted by Éditions Odile Jacob at the Paris Commercial Court to cancel the sale of Editis to Wendel are still pending; no provision has been set aside;
- the legal actions brought by former 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.

Note 15-2 Employee benefits

In millions of euros	12.31.2016	12.31.2015
Defined-benefit plans	106.8	88.4
Retirement bonuses	151.0	137.2
Other	50.1	56.7
TOTAL	**308.0**	**282.3**
of which non-current	***308.0***	***282.3***

The breakdown by subsidiary was as follows:

In millions of euros	12.31.2016	12.31.2015
Bureau Veritas	178.3	158.2
Constantia Flexibles	64.4	-
Cromology	32.0	24.2
Stahl	22.1	19.4
Oranje-Nassau Développement	9.7	8.9
Wendel and holding companies	1.5	1.5
TOTAL	**308.0**	**212.3**

The change in provisions for employee benefits break down as follows for 2016:

In millions of euros	12.31.2015	Service costs	Actuarial gains and losses	Benefits paid	Interest costs	Curtailment and settlement	Changes in scope of consolidation	Translation adjustments and other	12.31.2016
Commitments									
Defined-benefit plans	245.9	4.9	30.0	-9.4	5.0	-	-0.2	0.3	276.5
Retirement bonuses	147.6	11.4	9.4	-13.1	2.4	3.1	6.4	-2.6	164.5
Other	67.6	5.8	1.1	-4.6	1.3	-	-18.7	7.3	59.9
TOTAL	**461.1**	**22.2**	**40.5**	**-27.0**	**8.7**	**3.1**	**-12.5**	**5.0**	**501.0**

In millions of euros	12.31.2015	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses		Changes in scope of consolidation	Translation adjustments and other	12.31.2016
Partially-funded plan assets									
Defined-benefit plans	157.5	3.5	2.6	11.7	-5.3	-	-	-0.1	169.7
Retirement bonuses	10.5	0.1	1.2	0.4	-2.3	-	3.6	0.0	13.5
Other	10.8	0.2	0.1	-0.4	-0.9	-	-	-	9.9
TOTAL	**178.8**	**3.8**	**3.9**	**11.7**	**-8.5**	**-**	**3.6**	**-0.1**	**193.1**
PROVISION FOR EMPLOYEE BENEFITS	**282.3**								**308.0**

The change in provisions for employee benefits break down as follows for 2015:

In millions of euros	12/31/2014	Service costs	Actuarial gains and losses	Benefits paid	Interest costs	Curtailment and settlement	Changes in scope of consolidation	Translation adjustments and other	12.31.2015
Commitments									
Defined-benefit plans	239.8	4.1	-10.6	-14.5	4.1	0.4	26.7	1.9	245.9
Retirement bonuses	104.0	11.3	-8.2	-9.7	2.0	1.1	39.2	1.9	147.6
Other	46.0	2.9	-0.9	-4.7	0.9	0.5	27.6	-4.7	67.6
TOTAL	**389.8**	**18.2**	**-19.7**	**-28.9**	**7.0**	**2.0**	**93.6**	**-0.9**	**461.1**

In millions of euros	12/31/2014	Return on assets	Employer contributions	Amounts used	Actuarial gains and losses	Changes in scope of consolidation	Translation adjustments and other	12.31.2015
Partially-funded plan assets								
Defined-benefit plans	157.4	3.3	-2.8	-3.9	-3.7	5.8	1.3	157.5
Retirement bonuses	8.9	0.1	0.6	0.2	-0.1	-	0.9	10.5
Other	11.2	0.2	0.1	0.3	-0.9	-	-	10.8
TOTAL	**177.5**	**3.6**	**-2.2**	**-3.5**	**-4.7**	**5.8**	**2.2**	**178.8**
PROVISION FOR EMPLOYEE BENEFITS	**212.3**							**282.3**

Liabilities on defined-benefit plans break down as follows:

In millions of euros	12.31.2016	12.31.2015
Unfunded liabilities	210.4	204.0
Partially or fully-funded liabilities	290.6	257.0
TOTAL	**501.0**	**461.1**

Defined-benefit plan assets break down as follows:

	12.31.2016	12.31.2015
Insurance Company funds	14%	28%
Equity instruments	23%	20%
Debt instruments	16%	13%
Cash and other	46%	40%

Expenses recognized on the income statement break down as follows:

In millions of euros	2016	2015
Expenses recognized on the income statement with respect to defined-benefit plans		
Service costs during the year	22.2	18.2
Interest costs	7.6	7.0
Expected return on plan assets	-3.8	-3.6
Past service costs	1.1	0.9
Impact of plan curtailments or settlements	3.1	1.9
TOTAL	**30.2**	**24.5**
Expenses recognized on the income statement with respect to defined-contribution plans	**83.8**	**80.4**

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;
- long-service awards.

The principal actuarial assumptions used to calculate these commitments are as follows: average discount rate of 2.0%; implied rate of return on plan assets of 2.7%; average salary increase rate of 3.0% (Germany: 3.4%, France: 3.0%, Italy: 1.5%, United Kingdom: 3.4%).

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, as applicable:

- retirement plans, funded or unfunded;
- retirement bonuses;
- long-service awards.

The principal actuarial assumptions utilized are discount rates between 0.9% and 9.8%, salary increase rates, included between 1.0% and 7.0%, and a rate of return on assets of between 0.9% and 9.8%.

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 1.5%, inflation rate of 1.75%, salary increase rate of 2.0%, and rate of return on assets of 1.5%.

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, depending on the country:

- partially-funded retirement plans;
- retirement bonuses;
- long-service awards.

The main actuarial assumptions were as follows: discount rate of 2.4%, inflation rate of 1.7%, salary increase rate of 0.6%, and return on assets of 2.4%.

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. Since 2005, the Company transfers the assets necessary to service pension benefits to an insurance company, which makes payments to the beneficiaries.

As of December 31, 2016, 40 retirees and 8 employees of the Company benefited from the plan.

NOTE 16 Financial debt

Principal changes in 2016 are described in note 5-2 "Managing liquidity risk".

In millions of euros	Currency	Coupon rate	Effective interest rate (2)	Maturity	Repayment	Total lines	12.31.2016	12.31.2015
Wendel and holding companies								
2016 bonds	EUR	4.875%	5.501%	05.2016	at maturity		-	643.7
2017 bonds	EUR	4.375%	5.186%	08.2017	at maturity		507.4	692.0
2018 bonds	EUR	6.750%	5.727%	04.2018	at maturity		349.8	500.0
2019 bonds	EUR	5.875%	5.397%	09.2019	at maturity		212.0	600.0
2019 Saint-Gobain exchangeable bonds	EUR	0.000%	1.342%	07.2019	at maturity		500.0	-
2020 bonds	EUR	1.875%	2.055%	04.2020	at maturity		300.0	300.0
2021 bonds	EUR	3.750%	3.833%	01.2021	at maturity		207.4	400.0
2023 bonds	EUR	1.000%	1.103%	04.2023	at maturity		300.0	
2024 bonds	EUR	2.750%	2.686%	10.2024	at maturity		500.0	500.0
2027 bonds	EUR	2.500%	2.576%	02.2027	at maturity		500.0	500.0
Syndicated loan	EUR	Euribor + margin		11.2019	revolving credit	€650 million	-	-
Bank borrowings (1)	EUR	Euribor + margin		03.2020	revolving credit	€500 million	-	-
Amortized cost of bonds and of the syndicated loan and deferred issuance costs							-18.8	4.2
Accrued interest							61.2	93.9
Loans from non-controlling shareholders							34.5	20.2
							3,453.5	**4,254.0**
Bureau Veritas								
2017 bonds	EUR	3.750%		05.2017	at maturity		500.0	500.0
2021 bonds	EUR	3.125%		01.2021	at maturity		500.0	500.0
2023 bonds	EUR	1.250%		09.2023	at maturity		500.0	-
2026 bonds	EUR	2.000%		09.2026	at maturity		200.0	-
Borrowings and debt from lending institutions maturing in less than 1 year – fixed rate							24.5	11.9
Borrowings and debt from lending institutions maturing in less than 1 year – floating rate							65.0	67.1
Borrowings and debt from lending institutions maturing in 1 to 5 years – fixed rate							702.9	642.1
Borrowings and debt from lending institutions maturing in 1 to 5 years – floating rate							324.4	314.4
Borrowings and debt from lending institutions maturing in more than 5 years – fixed rate							91.0	183.7
Borrowings and debt from lending institutions maturing in more than 5 years – floating rate							174.6	170.8
							3,082.4	**2,390.0**
Constantia Flexibles								
2017 bonds	EUR	Fixed		05.2017	at maturity		129.1	129.1
Bank borrowings	EUR	Euribor + margin		04.2022	at maturity		886.3	886.3
Bank borrowings	USD	Libor + margin		2015 to 2022	amortizing		236.6	206.9
Bank borrowings	EUR	Euribor + margin		06.2023	amortizing		20.0	-
Bank borrowings	EUR	Euribor + margin		04.2022	revolving credit	€105 million	-	-
Bank borrowings (EUR, RUB, INR, CNY)		Euribor + margin and Fixed		2015 to 2022	amortizing		29.9	36.3
Deferred issuance costs							-48.7	-50.5
Other borrowings and accrued interest							60.4	37.8
							1,313.6	**1,245.8**

In millions of euros	Currency	Coupon rate	Effective interest rate (2)	Maturity	Repayment	Total lines	12.31.2016	12.31.2015
AlliedBarton (3)							**-**	**903.9**
Cromology								
Bank borrowings	EUR	Euribor + margin		08.2021	at maturity		267.0	267.0
Bank borrowings	EUR	Euribor + margin		08.2020	revolving credit	€77 million	-	-
Deferred issuance costs							-5.2	-6.3
Materis shareholder loans							33.5	51.2
Other borrowings and accrued interest							13.6	3.0
							308.9	**314.9**
Stahl								
Bank borrowings refinanced in the second half of 2016								245.0
Bank borrowings	USD	Libor + margin		12.2021	amortizing		284.3	
Bank borrowings	USD	Libor + margin		06.2022	at maturity		284.3	
Bank borrowings	EUR	Euribor + margin		12.2021	revolving credit	€20 million	-	
Deferred issuance costs							-10.1	-5.8
Other borrowings and accrued interest							1.0	-
							559.5	**239.2**
Mecatherm								
Bank borrowings (senior)	EUR	Euribor + margin		2015 to 2018	amortizing		27.7	37.1
Bank borrowings	EUR	Euribor + margin		09.2017	revolving credit	€5 million	5.0	5.0
Deferred issuance costs							-0.5	-0.8
Other borrowings and accrued interest							0.6	1.0
							32.8	**42.4**
CSP Technologies								
Bank borrowings	USD	Libor + margin		01.2022	amortizing		157.3	153.9
Bank borrowings	USD	Libor + margin		01.2020	revolving credit	$25 million	11.4	-
Deferred issuance costs							-9.0	-9.3
Other borrowings and accrued interest							1.9	2.6
							161.6	**147.2**
Nippon Oil Pump								
Bank borrowings	JPY	Tibor+margin		2015 to 2019	amortizing		7.3	9.6
Bank borrowings	JPY	Tibor+margin		02.2019	at maturity		24.3	22.9
Deferred issuance costs							-0.2	-0.2
Other borrowings and accrued interest							1.2	1.5
							32.6	33.8
TOTAL							**8,944.9**	**9,571.2**
of which non-current portion							***7,577.7***	***8,660.9***
of which current portion							***1,367.1***	***910.3***

(1) These loans were granted by the banks in the form of combined financial instruments, contractually and inseparably linked, so as to enable the repayment to the banks of the funds made available. The combination of these instruments is equivalent to a conventional bank loan.
(2) 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.
(3) AlliedBarton was removed from the scope of consolidation following its merger with Universal Services of America.

Note 16-1 Financial debt maturity schedule

In millions of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Wendel and holding companies				
■ notional amount	-507.4	-1,569.2	-1,339.2	-3,415.8
■ interest (1)	-130.3	-289.9	-137.2	-557.4
Investments:				
■ notional amount	-810.2	-2,123.0	-2,593.0	-5,526.1
■ interest (1)	-193.4	-588.0	-64.1	-845.4
TOTAL	**-1,641.3**	**-4,570.0**	**-4,133.5**	**-10,344.8**

(1) Interest is calculated on the basis of the yield curve prevailing on December 31, 2016. Interest on debt and interest rate hedges does not reflect interest earned on invested cash.

Note 16-2 Market value of gross financial debt

The fair value of bond debt is the market price on December 31, 2016.

In millions of euros	12.31.2016	12.31.2015
Wendel and holding companies	3,966.4	4,476.8
Operating subsidiaries	5,824.0	5,545.5
TOTAL	**9,790.4**	**10,022.3**

5.9 Notes on the income statement

The accounting principles applied to the aggregates on the income statement are described in note 1-11.2 "Presentation of the income statement".

NOTE 17 Net sales

The accounting principles applied to net sales are described in note 1-10.15 "Revenue recognition".

In millions of euros	2016	2015	% Change
Bureau Veritas	4,549.2	4,634.8	-1.8%
Constantia Flexibles	2,062.1	1,442.0	N/A
Cromology	737.3	751.9	-1.9%
Stahl	655.7	628.1	4.4%
Oranje-Nassau Développement			
■ Mecatherm	118.7	96.4	23.1%
■ Nippon Oil Pump	46.1	40.0	15.3%
■ CSP Technologies	114.5	90.2	N/A
CONSOLIDATED NET SALES	**8,283.6**	**7,683.4**	**7.8%**

Consolidated net sales break down as follows:

In millions of euros	2016	2015
Sales of goods	3,717.4	3,036.0
Sales of services	4,566.2	4,647.4
CONSOLIDATED NET SALES	**8,283.6**	**7,683.4**

NOTE 18 Operating income

In millions of euros	2016	2015
Bureau Veritas	609.7	576.9
AlliedBarton	-1.2	-0.2
Constantia Flexibles	114.1	47.7
Cromology	18.2	24.1
Stahl	110.9	85.9
Oranje-Nassau Développement	26.6	-48.4
Wendel and holding companies	-153.5	-118.5
OPERATING INCOME	**724.8**	**567.5**

Note 18-1 Other income and expense

This item comprises, in particular, restructuring costs (€9.8 million as of December 31, 2016), additions to the exceptional provisions for disputes as well as expenses connected to recognition of the financial liabilities connected to liquidity commitments of the managers (see note 34-6, "Shareholder agreements and co-investment mechanisms").

Note 18-2 R&D costs recognized as expenses

In millions of euros	2016	2015
Constantia Flexibles	8.8	5.4
Cromology	4.8	5.0
Stahl	3.0	4.0
Oranje-Nassau Développement	2.8	1.6
including CSP Technologies	*2.6*	*1.4*

Note 18-3 Average number of employees at consolidated companies

	2016	2015
Bureau Veritas	69,042	65,995
Constantia Flexibles	10,209	8,471
Cromology	3,947	3,894
Stahl	1,798	1,754
Oranje-Nassau Développement	1,147	1,025
including CSP Technologies	*430*	*369*
Wendel and holding companies	97	87
TOTAL	**86,240**	**81,226**

NOTE 19 Finance costs, net

In millions of euros	2016	2015
Income from cash and cash equivalents [1]	26.8	43.9
Finance costs, gross		
Interest expense	-364.8	-374.1
Interest expense on loans from non-controlling shareholders	-8.9	-9.6
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)	-17.3	-15.5
	-391.0	**-399.2**
TOTAL	**-364.2**	**-355.3**

(1) Includes €12.1 million for Wendel and its holding companies to which is added €2.4 million from returns on Wendel's investments (recognized under "Other financial income and expenses"), or total income of €14.5 million in 2016 (€44.5 million in 2015).

NOTE 20 Other financial income and expense

In millions of euros	2016	2015
Gains/losses on disposal of assets available for sale	0.1	0.6
Dividends received from unconsolidated companies	1.3	0.9
Net income on interest rate, currency and equity derivatives	3.2	35.5
Interest on other financial assets	7.5	7.4
Net currency exchange gains/losses	-12.7	-45.6
Impact of discounting	-13.1	-7.1
Gain on buyback of debt [1]	-123.6	-
Other	5.8	-2.1
TOTAL	**-131.4**	**-10.5**

(1) This €123.6 million expense related to redemption offers for bonds with short maturity (see note 5-2, "Managing liquidity risk").

NOTE 21 Tax expense

The accounting principles applied to deferred taxes are described in note 1-10.12 “Deferred taxes”.

In millions of euros	2016	2015
Current income tax payable	-265.8	-287.7
Deferred taxes	65.9	76.7
TOTAL	**-199.8**	**-211.0**

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.

As of December 31, 2016, the balance sheet changes in deferred taxes were as follows:

In millions of euros	2016	2015
Amount at beginning of year	**-525.2**	**-257.2**
Changes through profit or loss	65.9	76.7
Changes through shareholders’ equity	15.5	-4.5
Currency translation adjustments	-7.2	-1.4
Changes in scope of consolidation	-26.0	-344.1
Other	-0.0	5.4
TOTAL	**-477.1**	**-525.2**

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 broke 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	-333.8	563.5	229.7
Theoretical amount of tax expense calculated on the basis of a rate of 34.43%	**114.9**	**-194.0**	**-79.1**
Impact of:			
Uncapitalized tax losses of Wendel/holding companies and transactions subject to reduced tax rates at the holding company level	-116.1		-116.1
Uncapitalized tax losses at the operating subsidiary level		-20.2	-20.2
Reduced tax rates and foreign tax rates at the operating subsidiary level		52.7	52.7
CVAE tax paid by operating subsidiaries		-16.0	-16.0
Extraordinary contribution paid by operating subsidiaries			-
Effect of goodwill impairment			-
Tax on dividends (Wendel and Bureau Veritas)	-3.0	-6.7	-9.6
Tax rate reduction announced in France		18.8	18.8
Tax on dividends received from consolidated subsidiaries	-	-19.0	-19.0
Other	0.9	-12.2	-11.2
ACTUAL TAX EXPENSE	**-3.3**	**-196.6**	**-199.8**

NOTE 22 Net income (loss) from equity-method investments

This item was negatively affected by the loss on the sale of Saint-Gobain shares and the currency translation loss recognized by IHS (see note 10-2 "Additional information on IHS"):

In millions of euros	2016	2015
Net income including impact of goodwill allocation		
Saint-Gobain (excluding Verallia divestiture)	117.9	53.4
Divestiture of Saint-Gobain's Verallia division	-	-96.5
exceet	-14.8	-2.2
IHS	-200.6	-128.1
Allied Universal	-26.1	
SGI Africa	-0.5	
Other companies	1.4	1.1
Sale of Saint-Gobain shares (1)	-229.6	-
Impact of dilution on the Saint-Gobain investment (1)	-1.5	-6.1
Impact of dilution on the IHS investment (2)	3.5	18.1
Net income from deconsolidation of IHS shares held by co-investors (3)	81.7	
Reversal of write-down on Saint-Gobain securities (4)	-	203.4
Write-down on exceet securities	-	-17.3
TOTAL	**-268.6**	**25.6**

(1) See note 2, "Changes in scope of consolidation" with respect to Saint-Gobain.
(2) See note 2, "Changes in scope of consolidation" with respect to IHS.
(3) See note 10-2 "Additional information on IHS".
(4) In 2015, a portion of the impairment recognized for the year ended December 31, 2014 was reversed to make the net carrying amount of securities equal to their value in use.

NOTE 23 Net income from discontinued operations and operations held for sale

The accounting principles applied to operations discontinued or held for sale are described in note 1-10.14 “Assets held for sale and operations in the process of disposal”.

Note 23-1 Net income from discontinued operations and operations held for sale

In millions of euros	2016	2015
Gain on divestments		
Parcours [1] [2]	38.9	-
AlliedBarton [1]	58.2	
	97.1	**-**
Share in net income for the period from discontinued operations		
Parcours [1] [2]	42.9	14.6
AlliedBarton [1] [3]	-41.7	-6.5
	1.2	**8.1**
TOTAL	**98.3**	**8.1**

(1) See note 2 “Changes in scope of consolidation”, pertaining to AlliedBarton and Parcours.
(2) IFRS 5 provides for the discontinuation of depreciation from the date of classification as “Assets and liabilities held for sale”. Parcours generated net income of €42.9 million for the period including the discontinuation of depreciation, and the gain on disposal was €38.9 million. Excluding the discontinuation of depreciation, Parcours’ contribution to net income for the period was €3.5 million, and the disposal would have generated a gain of €78.3 million.
(3) The €41.6 million corresponds to the net income for the period after the discontinuation of depreciation in accordance with IFRS 5.

Note 23-2 Information on AlliedBarton

The main income statement aggregates of the AlliedBarton Group are presented below:

In millions of euros	2016
Net sales	1,246.1
EBITDA [1]	69.6
Operating income [1]	-2.4
NET INCOME	**-42.9**
of which Net income – Group share	***-40.7***

(1) This includes items eliminated on consolidation and after the discontinuation of depreciation in accordance with IFRS 5.

NOTE 24 Earnings per share

The accounting principles applied to earnings per share are described in note 1-11.13 "Earnings per share".

In euros and millions of euros	2016	2015
Net income – Group share	-366.8	-146.2
Impact of dilutive instruments on subsidiaries	-14.8	-12.2
Diluted net income	**-381.5**	**-158.4**
Average number of shares, net of treasury shares	45,531,791	46,175,109
Potential dilution due to Wendel stock options (1)	-	-
Diluted number of shares	**45,531,791**	**46,175,109**
Basic earnings per share *(in euros)*	-8.05	-3.17
Diluted earnings per share *(in euros)*	-8.38	-3.43
Basic earnings per share from continuing operations *(in euros)*	-10.23	-3.33
Diluted earnings per share from continuing operations *(in euros)*	-10.55	-3.55
Basic earnings per share from discontinued operations *(in euros)*	2.17	0.17
Diluted earnings per share from discontinued operations *(in euros)*	2.17	0.12

(1) According to 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.

In 2016, net income, Group share was negative, the dilutive instruments of Wendel are thus not taken into account.

5.10 Notes on changes in cash position

NOTE 25 Acquisition of property, plant & equipment and intangible assets

In millions of euros	2016	2015
By Bureau Veritas	156.5	169.4
By Constantia Flexibles	106.7	81.1
By Cromology	21.7	20.2
By Stahl	22.4	27.1
By AlliedBarton	1.5	-
By Oranje-Nassau Développement [1]	18.2	408.4
By Wendel and holding companies	1.9	0.9
TOTAL	**329.0**	**707.1**

(1) Including €389.1 million for purchases of vehicles available for lease from Parcours in 2015.

NOTE 26 Disposal of property, plant & equipment and intangible assets

Disposal of property, plant & equipment and intangible assets includes mainly Bureau Veritas disposals amounting to €10.7 million.

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	2016	2015
CSP Technologies	-	184.1
Constantia Flexibles	-	1,336.9
AlliedBarton	-	649.9
SGI Africa [1]	26.2	-
Bureau Veritas [1]	47.3	-
Reinvestment in IHS [1]	41.8	97.1
By Bureau Veritas	181.6	107.7
By Constantia Flexibles [1]	35.8	52.4
By AlliedBarton	-	0.5
By Stahl [1]	22.8	0.2
By CSP Technologies [1]	39.9	-
By Cromology	6.2	-
Other securities	8.9	18.7
TOTAL	**410.6**	**2,447.5**

(1) See note 2 "Changes in scope of consolidation".

NOTE 28 Disposal of equity investments

In millions of euros	2016	2015
Sale of Saint-Gobain shares (1)	1,155.0	-
Disposal of Parcours (1)	240.7	-
Sale of Bureau Veritas shares	-	975.1
Sale of Constantia Flexibles shares	-	101.7
Sale of shares by Constantia Flexibles (2)	57.7	-
Other	6.8	1.3
TOTAL	**1,460.1**	**1,078.2**

(1) See note 2, "Changes in scope of consolidation".
(2) This amount corresponds to the sale by Constantia Flexibles of its foldable cardboard packaging production business in Mexico (Aluprint Plegadizos).

NOTE 29 Impact of changes in scope of consolidation and of operations held for sale

In 2016, this item corresponded to the consolidation of Bureau Veritas' subsidiaries in the amount of €10.5 million and the reclassification as "Assets and liabilities of operations held for sale" of AlliedBarton Group's cash and cash equivalents in the amount of €38.7 million.

In 2015, this item corresponded to entries in the scope of CSP Technologies, Constantia Flexibles and AlliedBarton for €127.8 million and to the reclassification to "Assets and liabilities of operations held for sale" of Parcours' cash and cash equivalents, in the amount of -€21.5 million

NOTE 30 Changes in other financial assets and liabilities and other

In 2016, $387 million was received at the date of the merger of AlliedBarton with Universal Services of America (see note 2 "Changes in scope of consolidation").

In 2015, this item principally reflected the negative €136.1 million impact of unwinding the Saint-Gobain put options, repayments for the Kerneos loan in the amount of +€25 million and the subscription of Sterigenics debt in the amount of -€44 million.

NOTE 31 Dividends received from equity-method investments and unconsolidated companies

Dividends received from Bureau Veritas and Stahl, in the amounts of €90.4 million and €48 million respectively, are eliminated on consolidation.

The €44.4 million Saint-Gobain dividend was paid in June 2016.

NOTE 32 Contribution of non-controlling shareholders

As of December 31, 2015, this item consisted mainly of the contribution from the H. Turnauer Foundation in the acquisition of Constantia Flexibles for €240 million.

NOTE 33 Net change in borrowings and other financial liabilities

Details of financial debt are shown in note 16 "Financial debt".

In millions of euros	2016	2015
New borrowings by:		
Wendel - Bond issues [1]	800.0	800.0
Stahl [2]	596.1	-
Bureau Veritas	742.4	391.5
Constantia Flexibles [3]	47.7	1,094.6
Cromology	31.4	0.5
Oranje-Nassau Développement [4]	16.5	614.2
AlliedBarton	31.4	11.0
	2,265.5	**2,911.8**
Borrowings repaid by:		
Wendel – 2016 bonds [1]	643.7	-
Wendel – Repurchase of bonds [1]	915.4	-
Wendel – 2014 and 2015 bonds	-	347.8
Stahl [2]	279.8	44.7
Bureau Veritas	42.2	161.5
Constantia Flexibles [3]	22.5	565.0
Cromology	20.5	11.7
Oranje-Nassau Développement [4]	20.7	471.6
AlliedBarton	36.2	1.6
	1,980.9	**1,603.9**
TOTAL	**284.6**	**1,307.9**

(1) See note 5-2.1 "Liquidity risk of Wendel and the holding companies".
(2) These amounts correspond to the new funding put into place for Stahl and repayment of the previous funding (see note 5-2.5 "Financial debt of operating subsidiaries, documentation and covenants" relating to Stahl).
(3) In 2015, these amounts corresponded to the new Constantia Flexibles funding implemented upon its acquisition by Wendel, and the repayment of the existing funding.
(4) In 2015, these amounts included €151.0 million in drawdowns as part of the new CSP Technologies funding implemented upon its acquisition, and repayment of the existing funding in the amount of €118.0 million. These amounts also included the operating debt of Parcours for €443.3 million in debt issuance and €327.0 million in repayment of borrowings. This debt financed the Company's fleet of vehicles leased out to customers.

5.11 Other notes

NOTE 34 Off-balance-sheet commitments

As of December 31, 2016, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned below.

Note 34-1 Collateral and other security given in connection with financing

In millions of euros	12.31.2016	12.31.2015
Pledge by AlliedBarton Group entities (ABSS) 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 AlliedBarton Group.	-	933.3
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.	1,323.5	1,296.4
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.	279.1	270.0
Pledge by CSP Technologies 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 CSP Technologies Group.	169.6	156.5
Joint and several guarantee and/or pledge by Mecatherm Group entities of shares of the companies and of certain trade receivables as collateral for the repayment of the debt owed by the Mecatherm Group. Note that Wendel provided a first-demand guarantee of €15 million in favor of the banks.	33.1	42.7
Pledge by Nippon Oil Pump 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 Nippon Oil Pump Group.	31.6	32.5
Security given by Parcours Group entities under its bank borrowing arrangements, including the financed vehicles and the lease payments received. Pledge of certain bank accounts and trade receivables.	-	635.0
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.	569.6	245.0
Pledge of listed shares in connection with financing subject to activation of guarantees.	-	-
Pledge of cash in connection with financing subject to activation of guarantees.	-	-
TOTAL	**2,406.5**	**3,611.4**

Note 34-2 Guarantees given as part of asset sales

In connection with the sale of the Parcours Group and Clariant's receiving an equity stake in Stahl in return for the transfer of its Leather Finishing division, the Group has provided the usual guarantees within certain limits and over variable periods depending on the type of guarantee involved.

With respect to the Parcours liability guarantee, the Group has received a claim related to taxes. As of December 31, 2016, after taking deductions into account, the amount of this claim was approximately €3 million.

Note 34-3 Guarantees received in connection with asset acquisitions

In connection with the acquisitions of AlliedBarton, Constantia Flexibles, CSP Technologies, Mecatherm, IHS, Saham and SGI Africa and in addition to Clariant's receiving an equity stake in Stahl, the Group benefited from the usual guarantees within certain limits and over variable periods depending on the type of guarantee involved.

Note 34-4 Off-balance-sheet commitments given and received related to operating activities

in millions of euros	12.31.2016	12.31.2015
Market counter-guarantees and other commitments given		
by Bureau Veritas [1]	421.2	401.6
by Constantia	7.9	1.5
by Cromology	10.5	8.7
by Oranje-Nassau Développement:		
▪ Mecatherm	8.5	20.9
▪ CSP Technologies	0.4	-
TOTAL COMMITMENTS GIVEN	**448.5**	**432.7**
Other commitments received	-	-
TOTAL COMMITMENTS RECEIVED	**-**	**-**

(1) Commitments given by Bureau Veritas included guarantees such as bank and parent company guarantees.

Note 34-5 Subscription commitments

In connection with the investment in SGI Africa (see note 2 "Changes in scope of consolidation"), the Group has agreed to gradually invest up to €120 million over the next few years (including an investment of €25 million in July 2016).

As of December 31, 2016, the Group made a commitment to invest approximately €9.2 million in other investments of Oranje-Nassau Développement.

In addition, in September 2016, the Group entered into a contract to acquire 100% of Tsebo Group's share capital. In December 2016, the Group signed an agreement with a co-investor, Capital Group Private Markets, for a minority stake of 35% in Tsebo. As of December 31, 2016, the Group was committed to paying its share of Tsebo's acquisition price in the total amount of €159 million in order to acquire 65% of Tsebo's share capital. This acquisition was made on January 31, 2017.

Lastly, as part of building a debt portfolio, as of December 31, 2016, the Group agreed to acquire senior credit lines in the amount of €8 million issued by an unlisted company in connection with refinancing and acquiring assets. The Group has committed to acquiring an additional €2 million in January 2017 and €3 million in March 2017.

Note 34-6 Shareholder agreements and co-investment mechanisms

The accounting principles applied to co-investment mechanisms are described in note 1-10.18 "Accounting treatment of mechanisms for the participation of management teams in Group's investments".

As of December 31, 2016, the Wendel Group was party to a number of agreements governing its relationships with its co-investors, whether it concerns co-investors in its subsidiaries or unlisted holdings (Allied Universal, Constantia Flexibles, Cromology, IHS, Saham, SGI Africa and Stahl) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at involving them in their company's performance (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump and Stahl).

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, Saham and Allied Universal 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 option. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts;

- for Stahl:
  - Stahl's minority financial investors (former second-lien and former mezzanine lenders) have a put option to sell shares at a discount, in tranches of one-third of their stake, between 2016 and 2018. The first third was not exercised. The commitment bearing on the two-thirds still exercisable was recognized in financial liabilities in accordance with accounting policies applicable to minority put options,
  - Clariant, a minority shareholder in Stahl since the acquisition of Clariant Leather Services, benefits from a medium-term liquidity guarantee granted by the Wendel Group to Clariant in an amount determined by a predefined margin multiple. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts;
- for Saham, the majority shareholder of Saham has the option to buy back the Wendel Group's entire investment in Saham until 2018 (at a price guaranteeing a minimum IRR of 15% for the Group);
- for Allied Universal, Wendel has made certain commitments related to the provision of security services to various departments and agencies of the US government as well as to companies contracted by the government. Where a situation leads to the imposition of further restrictions by the U.S. Department of Defense (Defense Security Service, or "DSS") Wendel might be required to propose or make some of the following commitments:
  - Allied Universal issuing shares to American shareholders (subject to certain conditions and within certain limits) in the event of share transfers that result in an increase in the percentage of foreign ownership of Allied Universal,
  - amending some of Wendel's veto rights on certain strategic decisions, and/or
  - replacing one of the directors appointed by Wendel by an adviser with no voting rights.

The agreements with the management teams (managers or former managers) of subsidiaries (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump and Stahl) also contain stipulations 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 3rd and 13th anniversaries of the completion of the co-investment, depending on the relevant agreement); and
- the handling of executive departures (commitment to sell shares to the Wendel Group 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 relating to the participation of subsidiary 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 can be required to buy back or guarantee the buy back of the shares held by subsidiary managers (or former managers) in Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump and Stahl. The value applied to these liquidity commitments is the market value determined by the parties or an independent appraiser, or a value calculated on the basis of an earnings multiple.

Liquidity mechanisms will also be provided to Wendel managers with exposure, in connection with co-investment mechanisms, to Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, IHS, Mecatherm, Nippon Oil Pump, Saham and Stahl (see note 4-1 relating to the participation of Wendel managers in Group investments).

As of December 31, 2016, based on the investment values used to calculate Net Asset Value or, where appropriate, based on pricing formulas or valuations in the agreements:

- the value of *pari passu* investments made under the same risk and return conditions as Wendel by all joint shareholders and co-investing managers of Wendel subsidiaries enjoying liquidity rights was €347 million (including amounts related to minority put options on Constantia Flexibles and Stahl); and
- the value of the portion of non-*pari passu* investments of co-investing managers of Wendel and its subsidiaries, i.e. investments having dilutive effects on the Wendel Group's ownership interest, was €231 million.

In accordance with accounting principles relating to minority puts and to co-investment mechanisms, a portion of these amounts is recognized within financial liabilities (€499 million).

The 2016 liquidity for Stahl and Wendel managers and former Wendel managers for their joint investment in Stahl were recognized in financial liabilities in 2015 and revalued at the end of 2016. This debt will be payable in 2017 (see note 4 "Participation of managers in Group investments"). In addition, 2017 liquidity, payable in 2018, for Stahl managers has also been recognized within financial liabilities at the end of 2016. A total accounting charge of €85 million was recognized in 2016 for this debt.

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 34-7 Other agreements concluded by the Wendel Group for its financing and acquisition or divestment transactions

Subordinated (mezzanine and second-lien) lenders to Stahl who forfeited their claims as creditors during the 2010 restructuring received an earn-out right exercisable only upon the total or partial divestment of Wendel's stake in Stahl. This right is exercisable if Wendel's overall return is more than 2.5 times its 2010 re-investment, and is equivalent to the allocation of one to two bonus shares per share held by these ex-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.

CSP Technologies vendors benefit from an earn-out right capped subject to the achievement by the CSP Technologies Group of predetermined performance criteria in the three years following the group's acquisition by Wendel. No provision has been constituted for such purpose.

As part of the syndication with Maxburg Capital Partners of a minority investment in Constantia Flexibles, Wendel enjoys an earn-out right on the portion transferred in this manner subject to the achievement by Maxburg Capital Partners of minimum profitability thresholds over the duration of its investment in Constantia Flexibles in the event of divestment. This right was recognized within financial assets whose change in value is recognized on the income statement.

In addition, in connection with bonds issued in the amount of €500 million exchangeable for Saint-Gobain shares on May 12, 2016, the Group has made a commitment to the banks to not sell the Saint-Gobain shares in the 12 months following the issue, subject to the usual exceptions.

Lastly, it should be noted that, in connection with its financial debt (Wendel bond debt, syndicated loan or bank borrowings), the Group made or received commitments as described in note 5-2.4 "Financing agreements and covenants of Wendel and its holding companies".

Note 34-8 Leasing

Apart from the transactions described below, no finance lease is likely to have a significant impact on Wendel's financial position.

Note 34-8.1 Finance leases (contracts under which the Group retains the risks and rewards connected with ownership of the leased item)

Amount of future rents under finance leases:

In millions of euros	12.31.2016	12.31.2015
More than 5 years	23.8	31.0
Due in 1 to 5 years	12.8	18.3
Due in less than 1 year and accrued interest	4.7	5.9
TOTAL	**41.2**	**55.2**

These contracts give rise to a non-current asset and a financial debt on the balance sheet, in accordance with IAS 17 "Leases".

Note 34-8.2 Operating leases (contracts under which the Group does not retain the risks and rewards connected with ownership of the leased item)

Amount of future rents under operating leases:

In millions of euros	12.31.2016	12.31.2015
More than 5 years	72.2	125.7
Due in 1 to 5 years	259.7	315.9
Due in less than 1 year and accrued interest	164.9	144.1
TOTAL	**496.8**	**585.6**

The amount of future lease payments comes mainly from Bureau Veritas, for €330.3 million (€395.2 million in 2015).

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 1-10.17 "Stock subscription and stock purchase option plans".

The total expense related to allocation of stock options or other share-based compensation for fiscal year 2016 was €28.2 million vs. €29.1 million in 2015.

In millions of euros	2016	2015
Stock options at Wendel	3.2	4.0
Grant of bonus shares at Wendel	4.2	3.2
Stock options at Bureau Veritas	2.8	3.0
Grant of bonus shares at Bureau Veritas	18.0	18.9
TOTAL	**28.2**	**29.1**

The principal stock option plans granted in 2016 were as follows:

1. Wendel

Pursuant to the authorization given by shareholders at their June 1, 2016 General Meeting, options giving the right to subscribe to 68,814 shares were allocated on July 7, 2016 with a strike price of €94.38 and a ten-year life. These options have the following features:

- a service condition: the definite allocation of the options is subject to a two-year service condition, the first half vest after one year and all the options vest after two years;
- a performance-based condition: the number of options granted vests if the increase in NAV over the 2016-2018 period (adjusted for dividends) is greater than or equal to 10.25%. One-half vests if the increase in NAV over the 2016-2017 period (adjusted for dividends) is greater than or equal to 5% over the 2016-2017 period. The NAV used as the point of reference for 2016 is the average of the three NAVs published prior to the date of allocation, namely, €134.7 per share (average of the published NAVs as of December 31, 2015, March 17, 2016 and May 23, 2016).

The NAV used as the point of reference for the 2015 stock option allocation plan is the average of the three NAVs published prior to the date of allocation, namely €141 per share (average of the published NAVs as of December 31, 2014, March 16, 2015, and May 28, 2015).

In 2016, these options were valued using a Monte-Carlo model, based on the following principal assumptions: an average rate of return of 2.1%, volatility of 29.6% and the period of illiquidity of the stock options was also taken into account. These options were valued at €14.5 each. The expense has been spread over the options' vesting period.

Under the authorization granted by shareholders at their June 1, 2016 General Meeting, 137,122 performance shares were also granted on July 7, 2016. They are subject to the same service and performance-based conditions as the options granted in 2016 (see previous paragraph). These performance shares are granted subject to a two-year service condition and do not vest until the end of the two-year period.

They were valued at €49.4 per share. This value takes into account the period of illiquidity of these performance shares.

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2015	Options granted in 2016	Options canceled in 2016	Options exercised in 2016	Number of options outstanding as of 12/31/2016	Exercise price (€)	Average exercise price (€)	Average residual life	Number of exercisable options
Stock purchase options	19,572			-5,000	14,572	22.58 and 41.73	26.52	2.7	14,572
Stock purchase options indexed to NAV/share	1,129,803	68,814	-241,284	-145,241	812,092	44.32 to 112.39	89.50	6.7	484,564
Stock subscription options	26,800		-1,700	-25,100	-	90.14	90.14	-	-
Stock subscription options indexed to NAV/share	179,251			-12,100	167,151	18.96 to 132.96	111.11	0.8	167,151

Performance shares	Shares granted as of 12/31/2015	Awards during the fiscal year	Cancellations	Shares granted as of 12/31/2016	Grant date	Vesting date
Plan 6-1	68,928	-	-68,928	-	7/8/2014	7/8/2016
Plan 7-1	70,268	-	-2,730	67,538	7/15/2015	7/15/2017
Plan 8-1	-	137,122	-40	137,082	7/7/2016	7/9/2018
	139,196	**137,122**	**-71,698**	**204,620**		

2. Bureau Veritas

By resolution of its Board of Directors on June 21, 2016, Bureau Veritas granted 1,312,400 stock purchase options to some of its employees and to the corporate officer. The options' strike price is €19.35. The allocations are subject to a service condition as well as to the achievement of performance objectives based on 2016 adjusted operating income and on the adjusted operating income/net sales ratio for 2017 and 2018. Stock options have a ten-year life after the grant date. The average unit fair value of options granted during the fiscal year was €2.35 per share (2015: €2.75).

The fair value of the options granted in 2016 was determined according to the following main assumptions and characteristics:

- strike price of €19.35;
- expected stock volatility of 22.7% (2015: 22.1%);
- dividend yield of 2.6% (2015: 2.3%);
- an anticipated four-year duration of the option (2015: four years);
- a risk-free interest rate of 0.34% (2015: 0.08%) determined based on Government bond yields over the anticipated duration of the option.

By a resolution of its Board of Directors on June 21, 2016, the Group granted 1,131,650 performance shares to some of its employees and to the corporate officer. The allocation is contingent upon carrying out three years of service as well as achieving a performance objective based on the adjusted operating income for 2016 and Adjusted Operating Income/Net sales for 2017 and 2018.

The weighted-average fair value of performance shares granted in 2016 to some employees and the corporate officer was €17.65 per share.

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2015	Options granted in 2016	Options canceled in 2016	Options exercised in 2016	Number of options outstanding as of 12/31/2016	Exercise price (€)	Average exercise price (€)	Average residual life	Number of exercisable options
Bureau Veritas	5,676,356	1,312,400	-169,111	-269,208	6,550,437	8.75 to 21.01	18.55	5.8 years	3,230,260

Performance shares	Shares granted as of 12/31/2016	Grant date	Expiration date
	632,222	7/22/2013	7/22/2017 or 7/22/2016 for a French company employees
	720,000	7/22/2013	7/22/2021 or 7/22/2022
	826,365	7/16/2014	7/16/2018 or 7/16/2017 for a French company employees
	1,048,998	7/15/2015	7/15/2019 or 7/15/2018 for a French company employees
	1,110,850	6/21/2016	6/21/2019
	4,338,435		

NOTE 36 Fees paid to the Statutory Auditors and members of their networks

	Ernst & Young Audit				PricewaterhouseCoopers Audit			
	Amount		%		Amount		%	
In thousands of euros	2016	2015	2016	2015	2016	2015	2016	2015
Audit								
Audit and certification of the parent company and consolidated financial statements	4,059	2,940			5,870	6,438		
■ Wendel	767	696	11%	13%	754	700	8%	8%
■ Fully-consolidated subsidiaries	3,292	2,244	46%	42%	5,116	5,738	56%	63%
Other verifications and services directly related to the auditing assignment	786	492			2,012	1,428		
■ Wendel	238	286	3%	5%	75	124	1%	1%
■ Fully-consolidated subsidiaries (1)	549	206	8%	4%	1,937	1,305	21%	14%
Sub-total	**4,845**	**3,433**	**67%**	**64%**	**7,882**	**7,866**	**87%**	**87%**
Other services provided by the networks to fully-consolidated subsidiaries								
Legal, fiscal, employment (2)	2,316	1,912	32%	36%	1,143	924	13%	10%
Other	71	17	1%	0%	36	250	0%	3%
Sub-total	**2,387**	**1,929**	**33%**	**36%**	**1,179**	**1,174**	**13%**	**13%**
TOTAL	**7,232**	**5,362**	**100%**	**100%**	**9,061**	**9,040**	**100%**	**100%**

(1) This item mainly reflects verifications performed in connection with acquisitions made by operating companies.
(2) This item mainly reflects tax review services in the context of acquisitions, as well as studies concerning operational companies adherence to local and international tax laws.

NOTE 37 Subsequent events

1. Investing in Tsebo

In September 2016, Wendel announced the signing of an agreement to acquire Tsebo Solutions Group, the pan-African leader in facilities management. Employing around 34,000 people in 23 countries, Tsebo provides facilities management, catering, cleaning and security services in addition to remote camp services to clients across Africa. In 2016 (year ended March 31) Tsebo achieved net sales over 12 months of 6.333 million ZAR and an EBITDA of 507 million ZAR.

The acquisition of a 65% stake via Oranje-Nassau Développement was finalized at the start of 2017 for €159 million. The remaining 35% is owned by Capital Group Private Markets. As a significant minority shareholder, Capital Group Private Markets' representation in the governance structure is consistent with its stake in Tsebo.

The Group exercises exclusive control over the company, which will be fully consolidated accordingly from the acquisition date.

2. Simplifying IHS ownership structure

On February 1, 2017, MTN Group announced its intention to exchange its 51% interest in Nigeria Tower InterCo B.V., the parent company of INT Towers Limited, managing more than 9,000 towers in Nigeria, for an additional direct stake in IHS Holding Limited Group. The result of this transaction increases MTN's stake in IHS from 15% to around 29%. Following the simplification of the ownership structure, Wendel will have a 21.4% direct stake in IHS and, with its co-investors, 28.8% of the voting rights. Wendel remains IHS's largest shareholder in voting rights and its governance rights are unchanged.

NOTE 38 List of principal consolidated companies as of December 31, 2016

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	"
FC	100	Eufor	France	"
FC	100	Hirvest 3	France	"
FC	100	Sofiservice	France	"
FC	98.6	Waldggen	France	"
FC	100	Wendel Japan	Japan	Services
FC	99.5	Africa Telecom Towers	Luxembourg	Management of shareholdings
FC	100	Constantia Coinvestco GP	Luxembourg	Services
FC	99.5	Expansion 17	Luxembourg	"
FC	100	Froeggen	Luxembourg	"
FC	99.5	Global Performance 17	Luxembourg	"
FC	99.5	Globex Africa 1	Luxembourg	"
FC	100	Grauggen	Luxembourg	"
FC	100	Hourggen	Luxembourg	"
FC	100	Ireggen	Luxembourg	"
FC	100	Jeurggen	Luxembourg	"
FC	100	Karggen	Luxembourg	"
FC	97.3	Materis Investors	Luxembourg	"
FC	100	Mecatherm GuarantCo	Luxembourg	"
FC	99.5	Oranje-Nassau Développement SA SICAR	Luxembourg	"
FC	99.5	Oranje-Nassau Développement NOP	Luxembourg	"
FC	100	Oranje-Nassau GP	Luxembourg	"
FC	98.6	Oranje-Nassau Mecatherm	Luxembourg	"

Method of consolidation	% of interest net of treasury shares	Company name	Country	Business segment
FC	100	Oranje-Nassau Parcours	Luxembourg	"
FC	63.4	Parfimat	Luxembourg	"
FC	100	Trief Corporation	Luxembourg	"
FC	100	Truth 2	Luxembourg	"
FC	100	Winvest Conseil	Luxembourg	Services
FC	99.5	Winvest International SA SICAR	Luxembourg	Management of shareholdings
FC	100	Win Securitization 2	Luxembourg	"
FC	99.5	NOP Europe	Belgium	"
FC	100	Wendel North America	United States	Services
FC	100	Wendel London	United Kingdom	"
FC	100	Wendel Africa	Morocco	"
FC	100	Oranje-Nassau Groep	Netherlands	Management of shareholdings
FC	100	Wendel Singapore	Singapore	Services
FC	100	Sofisamc	Switzerland	Management of shareholdings
FC	**60.5**	**Constantia Flexibles and its subsidiaries**	**Austria**	**Flexible packaging and labels**
FC	**41.2**	**Bureau Veritas and its subsidiaries**	**France**	**Certification and verification**
FC	**87.3 (1)**	**Cromology and its subsidiaries**	**Luxembourg**	**Decorative paints**
FC	**75.3**	**Stahl and its subsidiaries**	**Netherlands**	**High-performance coatings and leather-finishing products**
E	**6.5**	**Saint-Gobain and its subsidiaries**	**France**	**Production, transformation and distribution of building materials**
E	**25.3**	**IHS Holding and its subsidiaries**	**Mauritius**	**Mobile telephone infrastructure in Africa**
E	**33.0**	**Allied Universal and its subsidiaries**	**United States**	**Security services**
Oranje-Nassau Développement includes:				
FC	**98.3**	**CSP Technologies and its subsidiaries**	**United States**	**High-performance plastic packaging**
FC	**98.6**	**Mecatherm and its subsidiaries**	**France**	**Industrial bakery equipment**
FC	**97.7**	**Nippon Oil Pump and its subsidiaries**	**Japan**	**Manufacture of trochoid pumps and hydraulic motors**
E	**40.0**	**SGI Africa and its subsidiaries**	**France**	**Shopping centers in Africa**
E	**28.4**	**exceet and its subsidiaries**	**Switzerland**	**Design of embedded systems**

(1) This is the percentage held from a legal point of view. For consolidation purposes, Cromology was consolidated with a 90% interest, integrating the shares of Cromology's managers which may be bought back in the framework of the liquidity offered to them in 2017.
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, companies excluded from consolidation 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.

5.12 Statutory auditors' report on the consolidated financial statements

(Year ended 31 December 2016)

This is a free translation into English of the Statutory Auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

Wendel

89, rue Taitbout

75009 Paris

In compliance with the assignment entrusted to us by your General Meeting of Shareholders, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying consolidated financial statements of Wendel;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Executive Board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2016 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.

Without qualifying our opinion, we draw your attention to the matter set out in Note 10-6 "Impairment tests on equity-method investments" to the consolidated financial statements. In a context of uncertainties with regard to the outlook for the global economy which makes forecasting difficult, this note describes the methods applied to test the interest held by Wendel in Saint-Gobain for impairment as at 31

December 2016, and in particular, the sensitivity of the result of this test, with regard to changes in the discount rate, the long-term growth rate and normative profitability taken into account for the computation of cash flows beyond the five-year business plan.

II - Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

In preparing its financial statements, your Company makes estimates and assumptions concerning, in particular, the value of certain assets, liabilities, income and expenses. The accounting estimates used in the preparation of the consolidated financial statements for the year ended 31 December 2016 were made in a context in which uncertainties with regard to the outlook for the global economy make forecasting difficult, as described in Note 1-9 "Use of estimates" to the consolidated financial statements.

It is in this specific context that at 31 December 2016 the Company carried out impairment tests on goodwill, intangible assets with indefinite useful lives and equity-method investments, in accordance with the methods described in the following notes to the consolidated financial statements: Note 1-10 "Measurement rules", Note 7-1 "Goodwill impairment tests" and Note 10-6 "Impairment tests on equity-method investments".

We reviewed the methods applied to implement these impairment tests and verified that the above-mentioned notes provide appropriate disclosure. In particular, with regard to the impairment test on the Saint-Gobain shares, we reviewed the assumptions and estimates applied by the Company to determine the value in use of the investment.

Accounting principles

We reviewed the accounting treatment applied by your Company in preparing its consolidated financial statements with respect to managers' participation in Group investments. We verified that Note 1-10.18 "Accounting treatment of mechanisms for the participation of management teams in Group's investments" and Note 34-6 "Shareholder agreements and co-investment mechanisms" to the consolidated financial statements provide appropriate disclosure in this regard.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, 22 March 2017

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Françoise Garnier	Jean Bouquot

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PARENT COMPANY FINANCIAL STATEMENTS

6.1 Balance sheet as of December 31, 2016

Assets

In thousands of euros		12/31/2016			12/31/2015
	Note	**Gross amounts**	**Depr./amort. or provisions**	**Net amounts**	**Net amounts**
Non-current assets					
Intangible assets and property, plant & equipment		**16,761**	**14,477**	**2,284**	**2,283**
Non-current financial assets(1)					
Investments in subsidiaries and associates	1	4,531,193	354	4,530,839	3,483,865
Other long-term investments		34	-	34	34
Treasury shares	2	85,965	-	85,965	120,622
Loans and other non-current financial assets		392	-	392	336
		4,617,584	354	4,617,230	3,604,857
TOTAL		**4,634,345**	**14,831**	**4,619,515**	**3,607,140**
Current assets					
Trade receivables(2)		6,653	67	6,587	4,507
Other receivables(2)	3	3,031,636	-	3,031,636	5,363,831
Financial instruments	9	2,625	-	2,625	-
Marketable securities	4	1,252,708	29	1,252,680	673,729
Cash		45,887	-	45,887	151,195
Prepaid expenses		943	-	943	1,062
TOTAL		**4,340,453**	**96**	**4,340,358**	**6,194,325**
Currency translation adjustments		-	-	-	5,405
Deferred expenses		20,607	9,948	10,659	8,189
Original issue discounts		116,533	109,832	6,702	12,205
TOTAL ASSETS		**9,111,939**	**134,706**	**8,977,233**	**9,827,265**

(1) Of which less than one year	-	-
(2) Of which more than one year	-	-

Liabilities and shareholders' equity

In thousands of euros	Note	12/31/2016	12/31/2015
Shareholders' equity			
Share capital		188,370	191,970
Share premiums		36,255	31,728
Legal reserve		20,224	20,224
Regulated reserves		101,870	191,820
Other reserves		2,250,000	2,250,000
Retained earnings		2,720,832	1,480,968
Net income for the year		**135,543**	**1,338,591**
TOTAL	**5**	**5,453,092**	**5,505,301**
Provisions for risks and contingencies	**6**	**43,736**	**31,077**
Borrowings[1]	7	3,439,896	4,239,032
Other liabilities	8	27,871	23,113
TOTAL[2]		**3,467,767**	**4,262,145**
Issue premiums on borrowings		12,637	28,741
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**8,977,233**	**9,827,265**
(1) Of which short-term bank borrowings		*-*	*220*
(2) Of which less than one year		*598,567*	*770,145*
Of which more than one year		*2,869,200*	*3,492,000*

6.2 Income statement

In thousands of euros		2016	2015
Income from investments in subsidiaries, associates, and long-term equity portfolio	**11**	**400,014**	**1,500,019**
Other financial income and expense	**12**		
Income			
■ Income from loans and invested cash		53,592	141,020
■ Provisions reversed		22,774	18,532
Expenses			
■ Interest and similar expenses		175,566	280,388
■ Depreciation, amortization, and provisions		24,137	14,344
NET FINANCIAL INCOME		**276,678**	**1,364,839**
Operating revenue	**13**		
Other income		13,312	11,400
Provisions reversed and expenses transferred		6,067	3,571
Operating expenses			
Purchases and external services		19,949	17,017
Taxes other than income taxes		2,332	2,318
Wages and salaries	14	12,314	11,939
Social security costs		7,218	9,071
Depreciation & amortization and deferred expenses		4,128	1,578
Miscellaneous expenses		695	695
OPERATING INCOME		**-27,257**	**-27,646**
NET INCOME BEFORE EXCEPTIONAL ITEMS AND TAX		**249,421**	**1,337,193**
Exceptional income			
On operating transactions		53	980
On capital transactions		2	2,876
Provisions reversed		-	499
Exceptional expenses			
On operating transactions		121,914	501
On capital transactions		-	-
Provisions recognized		1,354	-
EXCEPTIONAL ITEMS	**15**	**-123,213**	**3,854**
INCOME TAXES	**16**	**9,335**	**-2,456**
NET INCOME (LOSS)		**135,543**	**1,338,591**

6.3 Cash flow statement

In thousands of euros		2016	2015
Cash flows from operating activities, excluding tax			
Net income		135,543	1,338,591
Depreciation, amortization, provisions and other non-cash items		6,844	1,532
Gains/losses on divestments		-2	-4,319
Financial income and expense		-156,159	-1,364,838
Taxes		-9,335	2,456
Cash flows from operating activities before net finance costs and tax		-23,109	-26,578
Change in working capital requirement related to operating activities		-1,553	13,519
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX		**-24,662**	**-13,059**
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets		-418	-407
Disposal of property, plant & equipment and intangible assets		2	262
Acquisition of equity investments	Note 1	-47,328	-42,620
Disposal of equity investments	Note 1	-	45,496
Changes in other financial assets and liabilities and other		-56	-55
Dividends received	Note 11	400,014	1,500,019
Change in working capital requirements related to investment activities		205	176
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX		**352,419**	**1,502,871**
Cash flows from financing activities, excluding tax			
Proceeds from issuance of shares	Note 5	4,770	9,388
Treasury share buybacks and cancellations		-49,870	-45,398
Dividends paid	Note 5	-98,728	-92,649
New borrowings	Note 7	799,124	797,339
Repayment of borrowings	Note 7	-1,680,932	-347,600
Net change in intragroup assets and liabilities		2,342,393	-1,949,023
Net finance costs		-131,349	-151,411
Other financial income/expense		13,372	-3,525
Change in working capital requirements related to financing activities		-1,037,692	72,942
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX		**161,088**	**-1,709,937**
Income taxes	Note 16	9,335	-2,456
Change in tax assets and liabilities		-15,896	16,201
NET CASH FLOWS RELATED TO TAXES		**-6,561**	**13,745**
Effect of currency fluctuations		822	-5,111
CHANGE IN CASH AND CASH EQUIVALENTS		**483,106**	**-211,491**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD(1)		**764,760**	**976,251**
CASH AND CASH EQUIVALENTS AT END OF PERIOD(1)		**1,247,867**	**764,760**

(1) *Cash and cash equivalents included marketable securities (excluding Wendel treasury shares), cash, and bank borrowings.*

6.4 Notes to the parent company financial statements

NOTES CONTENTS

6.4.1 Highlights of the year

Dividends received from subsidiaries

Wendel received an interim dividend of €400 million from its subsidiary Oranje-Nassau Groep.

Subsidiaries and associates

In November 2016, the Company purchased 2,776,225 Bureau Veritas shares for a total of €47.3 million. The remainder of the Wendel Group's holding (around 40% of Bureau Veritas' share capital), or 177,173,360 shares, is held by its indirect subsidiary Truth 2. The Company also injected €1 billion of capital into its subsidiary Trief Corporation by contributing and capitalizing an intragroup receivable.

Capital and dividend paid

At their General Meeting of June 1, 2016, shareholders approved the payment of a cash dividend of €2.15 per share. The total dividend paid was €98.7 million.

The Company repurchased 593,903 Wendel shares over the year for a total of €59.1 million, and in July 2016 reduced its capital by €93.8 million by canceling 960,837 shares. Wendel also sold 150,241 of its own shares in 2016 for a total of €9.6 million in connection with the exercise of options and the grant of performance shares to employees.

As of December 31, 2016 the Company held 1,446,126 Wendel shares, including 846,990 held as long-term investments, 499,136 as marketable securities, and 100,000 held under the liquidity contract.

Financing

On May 12, 2016, the Company issued bonds exchangeable into Saint-Gobain shares maturing on July 31, 2019 with a par value of €500 million, a coupon of 0%, and an issue price of 100%. Investors have the option to exchange their bonds against 9,619,085 Saint-Gobain shares (exchange price: €51.98 per share).

On May 26, 2016, the Company repaid its matured bonds for a total of €643.7 million.

On October 20, 2016, the Company issued bonds maturing on April 20, 2023 with a par value of €300 million, a coupon of 1%, and an issue price of 99.708%.

During the year, the Company repurchased part of its 2017, 2018, 2019, and 2021 bonds, with a total par value of €915 million and a repurchase price of €1,037 million.

The syndicated credit line of €650 million was undrawn as of December 31, 2016.

Net receivables from subsidiaries decreased by €2,327 million as a result of the following factors:

- Wendel borrowed a total of €1,947 million from its subsidiaries, related mainly to:
  - proceeds from the sale of Saint-Gobain shares (€1,155 million) and Parcours shares (€241 million),
  - dividends from Bureau Veritas, Saint-Gobain, and Stahl received by its subsidiaries during the year (€183 million), and
  - a cash amount from AlliedBarton received by its subsidiaries (€360 million) when AlliedBarton merged with Universal;
- Wendel injected €1 billion of capital into its subsidiary Trief Corporation by offsetting an intragroup receivable;
- Loans to subsidiaries:
  - €25 million to finance the acquisition of SGI Africa (commercial real estate in Africa) carried out in July 2016,
  - €41 million to finance the subscription of new shares in IHS (telecoms infrastructure in Nigeria, Côte d'Ivoire, and Cameroon);
- Wendel SE received an interim dividend of €400 million from Oranje-Nassau Groep paid through the shareholder loan account.

These financial statements were finalized by Wendel SE's Executive Board on March 14, 2017.

6.4.2 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 uncertain global economic picture 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 i) investments in subsidiaries and associates and ii) 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.

Original issue discounts and premiums, and debt issuance costs

Original issue discounts and 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

The value of certain Wendel Group assets is exposed to currency movements insofar as part of their activity is conducted in US dollars. In early 2016, in the context of managing currency risk on Wendel assets, €800 million of Wendel SE bond debt was synthetically swapped to debt denominated in dollars using derivative instruments (cross currency swaps). These instruments did not qualify for hedge accounting in the parent company financial statements. The interest rate flows are therefore recognized when realized or incurred and a provision for risks and contingencies is recognized, when required, for the negative value of the instruments.

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.

6.4.3 Notes to the balance sheet

NOTE 1 Investments in subsidiaries and associates

In thousands of euros	% Interest 12/31/2015	% Interest 12/31/2016	Net amounts 12/31/2015	Purchases and subscriptions	Sales and mergers	Change in provisions	Net amounts 12/31/2016
French associates							
Sofiservice	100.00	100.00	354			-354	-
Trief Corporation[(1)]	100.00	100.00	2,860,178	1,000,000			3,860,178
Trief Corporation - technical merger loss	100.00	100.00	384,960				384,960
Bureau Veritas[(2)]	-	0.63	-	47,328			47,328
Non-French associates							
Oranje-Nassau Groep	100.00	100.00	238,320				238,320
Other			53				53
TOTAL			**3,483,865**	**1,047,328**	**0**	**-354**	**4,530,839**

(1) The Company injected €1 billion of capital into its subsidiary Trief Corporation by offsetting a receivable.
(2) The Company purchased 2,776,225 Bureau Veritas shares for a total of €47.3 million.

NOTE 2 Treasury shares

As of December 31, 2016, Wendel SE held 1,446,126 of its shares in treasury (1,963,301 as of December 31, 2015).

These treasury shares were allocated as follows:

- 846,990 shares were allocated to potential acquisition activity, and were classified as non-current financial assets (1,213,924 as of December 31, 2015);
- 499,136 shares were allocated to cover grants under stock-option plans. They were classified as marketable securities within current assets (see note 4 "Marketable securities");
- 100,000 shares were held under the liquidity contract. They were classified as marketable securities within current assets (see note 4 "Marketable securities").

In thousands of euros	% Interest 12/31/2015	% Interest 12/31/2016	Net amounts 12/31/2015	Purchases	Sales	Transfers	Change in provisions	Net amounts 12/31/2016
Wendel shares	2.53%	1.80%	120,622	59,137	-	-93,794[(1)]	-	85,965
TOTAL			**120,622**	**59,137**	**-**	**-93,794**	**-**	**85,965**

(1) This amount corresponds to the impact of the capital reduction undertaken by canceling 960,837 treasury shares, as decided by the Executive Board on July 7, 2016.

NOTE 3 Other receivables

In thousands of euros	12/31/2016 Gross amounts	12/31/2016 Provisions	12/31/2016 Net amounts	12/31/2015 Gross amounts	12/31/2015 Provisions	12/31/2015 Net amounts
Tax and employee social security receivables	5,790	-	5,790	5,349	-	5,349
Loans and advances connected with investments(1)	3,020,749	-	3,020,749	5,351,724	-	5,351,724
Other(2)	5,097	-	5,097	6,758	-	6,758
TOTAL	**3,031,636**	**-**	**3,031,636**	**5,363,831**	**-**	**5,363,831**
Of which related companies	*3,020,749*			*5,351,724*		
Of which accrued revenue	*10,619*			*11,694*		

(1) These receivables mainly related to advances to holding companies that held the Group's various investments, in particular its stake in Saint-Gobain. As of December 31, 2016, based on a valuation of Saint-Gobain at €46.84 per share, calculated by the present value of future cash flows, these loans were not written down. The movement in receivables is set out in the "Highlights of the year".
(2) Includes €5,088 thousand in accrued interest on interest rate and currency derivatives (see note 9).

NOTE 4 Marketable securities

In thousands of euros	12/31/2016 Net book value	12/31/2016 Market value	12/31/2015 Net book value	12/31/2015 Market value
Wendel shares (excluding liquidity contract)(1)				
Shares allocated to stock-option plans(2)	39,436	57,101	49,635	69,724
Shares allocated to performance share plans(3)	-	-	-	-
SUB-TOTAL	**39,436**	**57,101**	**49,635**	**69,724**
Money-market mutual funds and deposits	857,039	857,039	276,195	276,195
Diversified funds, equities or bonds	69,604	72,916	50,181	58,359
Funds managed by financial institutions	275,308	275,308	270,575	270,575
Liquidity contract				
Wendel shares(4)	11,293	11,440	10,737	10,737
Mutual fund on deposit for the liquidity contract	-	-	16,406	16,406
SUB-TOTAL	**1,213,244**	**1,216,703**	**624,095**	**632,272**
TOTAL	**1,252,680**	**1,273,804**	**673,729**	**701,996**

(1) Number of Wendel shares held as of December 31, 2016: 499,136.
Number of Wendel shares held as of December 31, 2015: 649,377 (see note 2).
(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 lower of the strike price for the options granted, and their stock market value. The negative difference arising between the book value and the exercise price of the purchase options is provisioned in proportion to the extent to which they have vested within "Provisions for risks and contingencies". As of December 31, 2016, this provision totaled €3,891 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, 2016, these plans were not hedged, but the value of the allocated shares as of that date of €9,457 thousand was recognized in "Provisions for risks and contingencies".
(4) Number of Wendel shares held as of December 31, 2016: 100,000.
Number of Wendel shares held as of December 31, 2015: 100,000.

NOTE 5 Change in shareholders' equity

Number of shares	In thousands of euros	Share capital (par value €4)	Share premiums	Legal reserve	Regulated reserve	Other reserves and retained earnings	Net income for the year	Total shareholders' equity
47,796,535	**Balance as of 12/31/2014 before appropriation**	**191,186**	**23,123**	**20,224**	**191,820**	**3,705,596**	**118,020**	**4,249,970**
	Appropriation of 2014 net income(1)					118,020	-118,020	-
	Dividend					-92,649(3)		-92,649
	Issuance of shares							
18,250	■ company savings plan	73	1,564					1,637
177,745	■ exercises of options	711	7,041					7,752
	2015 net income						1,338,591	1,338,591
47,992,530	**Balance as of 12/31/2015 before appropriation**	**191,970**	**31,728**	**20,224**	**191,820**	**3,730,968**	**1,338,591**	**5,505,301**
	Appropriation of 2015 net income(2)					1,338,591	-1,338,591	-
	Dividend					-98,728(3)		-98,728
	Capital reduction							
-960,837	■ Executive Board decision 07/07/2016	-3,843			-89,950			-93,793
	Issuance of shares							
23,486	■ company savings plan	94	1,679					1,773
37,200	■ exercises of options	149	2,848					2,997
	2016 net income						135,543	135,543
47,092,379	**Balance as of 12/31/2016 before appropriation**	**188,370**	**36,255**	**20,224**	**101,870**	**4,970,832**	**135,542**	**5,453,092**

(1) The amount appropriated to retained earnings, as approved by shareholders at their June 5, 2015 Annual Meeting, was increased by €3,184 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 June 1, 2016 Annual Meeting, was increased by €4,495 thousand because no dividends were paid on the Wendel shares the Company held in treasury on the dividend payment date.
(3) A dividend of €2.15 per share was paid in 2016 on 2015 earnings. The dividend paid in 2015 on 2014 earnings was €2.00 per share.

NOTE 6 Provisions for risks and contingencies

In thousands of euros	Note	12/31/2015	Allocations for the year	Reversals during the year used	Reversals during the year unused	12/31/2016
Provision for pensions and post-employment benefits		1,094	114	-		1,208
Provision for allocation of performance shares and purchase options	4	11,569	2,086	306		13,349
Provision on swaps	9	472	15,642	472		15,642
Provision for currency fluctuations(1)		5,405	-	5,405		-
Provision for risks - Tax(2)		-	1,000	-		1,000
Other risks and contingencies		12,537	-	-		12,537
TOTAL		**31,077**	**18,842**	**6,183**	**-**	**43,736**
		Operating income	114	-	-	
		Net financial income (expense)	17,728	6,183	-	
		Exceptional items	1,000	-	-	
			18,842	**6,183**	**-**	

(1) *As of December 31, 2016, the intragroup receivable denominated in dollars was fully repaid. Accordingly, the currency translation adjustment of €5,405 thousand recorded within assets as of December 31, 2015 and the provision recognized for the same amount were both reversed.*
(2) *Wendel recognized a €1 million tax recovery provision relating to the tax consolidation of a former Group company.*

The principal disputes, claims, and risks identified for Wendel SE are as follows:

- Various proceedings have been brought against Wendel by Éditions Odile Jacob following Wendel's purchase of Editis from Lagardère in 2004. On January 28, 2016, the Court of Justice of the European Union definitively rejected Éditions Odile Jacob's claims. In the French courts, the proceeding brought by Éditions Odile Jacob before the Paris Commercial Court seeking the annulment of Wendel's acquisition of Editis remains suspended. No provision has been recognized;
- The various judicial procedures initiated by former management-level 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.

NOTE 7 Financial debt

In thousands of euros	12/31/2016	12/31/2015
4.875% 2016 bonds(1)	-	643,650
4.375% 2017 bonds(2)	507,400	692,000
6.75% 2018 bonds(2)	349,800	500,000
5.875% 2019 bonds(2)	212,000	600,000
3.75% 2021 bonds(2)	207,400	400,000
2.75% 2024 bonds	500,000	500,000
2.50% 2027 bonds	500,000	500,000
1.875% 2020 bonds	300,000	300,000
1.00% 2023 bonds(3)	300,000	-
0% 2019 bonds exchangeable into Saint-Gobain shares(4)	500,000	-
Syndicated credit facility (Euribor + margin)(5)	-	-
Accrued interest	55,635	94,677
SUB-TOTAL	**3,432,235**	**4,230,327**
Borrowings connected with investments in subsidiaries and associates		
Sofiservice	7,600	8,412
Other	62	73
SUB-TOTAL	**7,662**	**8,485**
Other borrowings	-	1
Short-term bank borrowings	-	220
TOTAL	**3,439,896**	**4,239,032**
Of which: less than one year	*570,696*	*747,032*
1 to 5 years	*1,569,200*	*2,192,000*
more than 5 years	*1,300,000*	*1,300,000*
accruals	*55,635*	*94,677*

(1) On May 26, 2016, the Company repaid its matured bonds.
(2) During the year, the Company repurchased part of its 2017, 2018, 2019, and 2021 bonds, with a total par value of €915.4 million.
(3) On October 20, 2016, the Company issued bonds maturing on April 20, 2023 with a par value of €300 million, a coupon of 1%, and an issue price of 99.708%.
(4) On May 12, 2016, the Company issued bonds exchangeable into Saint-Gobain shares maturing on July 31, 2019 with a par value of €500 million, a coupon of 0%, and an issue price of 100%. The exchange price is €51.98 per share for 9,619,085 Saint-Gobain shares.
(5) The Company did not use its syndicated credit line in 2016.

NOTE 8 Other liabilities

In thousands of euros	Note	12/31/2016	12/31/2015
Trade payables*		3,036	2,797
Tax and employee social security liabilities		11,338	14,450
Treasury instruments			
Currency options	9	2,625	-
Accrued interest on interest rate derivatives	9	10,445	5,666
Other		426	200
TOTAL		**27,871**	**23,113**
Of which related companies		*1,067*	*4,259*
Of which accrued expenses		*22,416*	*16,883*

* *The breakdown of trade payables by maturity (Article L. 441-6-1 of the French Commercial Code) was as follows:*

	As of 12/31/2016	As of 12/31/2015
payment within 30 days:	*649*	*922*
payment in more than 30 days:	*25*	*14*
invoices not yet received:	*2,363*	*1,861*

NOTE 9 Financial instruments

In thousands of euros	12/31/2016		12/31/2015	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives				
Accrued interest not yet due	4,153	1,477	6,697	5,666
■ of which symmetric positions	-	-	-	-
Provision for risks & contingencies	-	-	-	472
■ of which symmetric positions	-	-	-	-
TOTAL	**4,153**	**1,477**	**6,697**	**6,138**
Currency derivatives				
Cross currency swaps				
Accrued interest not yet due	936	8,968	-	-
■ of which symmetric positions	-	-	-	-
Provision for risks & contingencies	-	15,642	-	-
■ of which symmetric positions	-	-	-	-
TOTAL	**936**	**24,610**	**0**	**0**

These positions are recognized as accrued revenue and accrued expenses within "Other receivables", "Other liabilities", and "Provisions for risks and contingencies".

In thousands of euros	12/31/2016		12/31/2015	
	Assets	Liabilities	Assets	Liabilities
Currency options				
Premiums	2,625	2,625	-	-
Provision for risks & contingencies	-	-	-	-
■ of which symmetric positions	2,625	2,625	-	-
TOTAL	**2,625**	**2,625**	**0**	**0**

These positions are recognized within "Financial instruments".

Interest rate derivatives

Wendel bonds

Wendel SE has entered into interest rate swaps on some of its bonds, with the following features:

Notional amount In thousands of euros		**Maturity**	**Assets Fair value 12/31/2016**	**Liabilities Fair value 12/31/2016**
300,000	Pay 12-month Euribor +0.93% between 1.70% and 2.60%. 3.40% if < 1.70% and 3.53% if > 2.60%. Receive 3.49%	Aug. 2017	202	-
			202	**-**

In accordance with accounting principles, the positive fair value of these swaps has not been recognized in the balance sheet.

Currency derivatives

Cross currency swaps

In early 2016, in the context of managing currency risk on Wendel assets, €800 million of Wendel SE bond debt was synthetically swapped to debt denominated in dollars using derivative instruments (cross currency swaps). These instruments did not qualify for hedge accounting in the parent company financial statements. The interest rate flows are therefore recognized when realized or incurred and a provision for risks and contingencies is recognized, when required, for the negative value of the instruments. In accordance with accounting principles, provisions are recognized on negative fair values. A provision of €15,642 thousand was therefore recognized as of December 31, 2016 (see notes 6 and 9).

Notional amount In thousands of euros		Maturity	Assets Fair value 12/31/2016	Liabilities Fair value 12/31/2016
USD 885m/EUR 800m	Pay 2.23% in USD against 0.24% in EUR.	Nov. 2022	-	15,642
			-	**15,642**

Currency options

As part of the Group's investment in Tsebo (pan-African company providing corporate services), the Company hedged the currency risk on the purchase price. The contracts entered into by Wendel SE are symmetrical and therefore have no impact on Wendel SE's net income as of December 31, 2016. The hedging contracts were unwound after the acquisition was finalized at the end of January 2017 (see note 9).

NOTE 10 Off-balance-sheet commitments

In thousands of euros	12/31/2016	12/31/2015
Pledges, mortgages, and collateral	**-**	**-**
Other guarantees and endorsements given	**12,906**	**15,056**
of which:		
■ guarantees given relating to Wendel London Limited's rental of offices (equivalent GBP 11.1m)	12,906	15,056

6.4.4 Notes to the income statement

NOTE 11 Income from investments in subsidiaries, associates, and the long-term equity portfolio

Dividends from In thousands of euros	2016	2015
Trief Corporation	-	1,500,000
Oranje-Nassau Groep	400,000	-
Other	14	19
TOTAL	**400,014**	**1,500,019**
Of which interim dividends:	*400,000*	*1,500,000*

NOTE 12 Other financial income and expense

Income In thousands of euros	2016	2015
Other interest and similar income(1)	53,592	141,020
Provisions reversed(2)	6,670	10,255
Amortization of bond issue premiums	16,104	8,277
TOTAL	**76,366**	**159,551**
Of which related companies	*19,899*	*21,815*

Expenses In thousands of euros	2016	2015
Interest on bonds	142,661	183,319
Other interest and similar expenses(3)	32,905	97,069
Provisions recognized(4)	17,757	6,817
Amortization of original issue discounts on bonds	6,380	7,527
TOTAL	**199,702**	**294,731**
Of which related companies	*18*	*25,250*

(1) This item primarily comprises currency gains on cash held in US dollars of €22,655 thousand, interest income on shareholder loans of €19,899 thousand, and interest income on cross currency swaps of €1,591 thousand.
(2) This item primarily comprises the reversal of a provision for a currency translation adjustment to assets of €5,405 thousand relating to an intragroup receivable denominated in dollars.
(3) This amount primarily comprises a currency loss of €10,448 thousand relating to an intragroup receivable denominated in dollars and an interest expense on cross currency swaps of €15,194 thousand.
(4) This amount mainly comprises a provision on cross currency swaps of €15,642 thousand and a provision relating to stock-option plans of €2,086 thousand (see note 6).

NOTE 13 Operating revenue

In thousands of euros	2016	2015
Property rental	163	163
Services invoiced to subsidiaries	12,170	9,677
Other income	978	1,560
Expenses transferred[1]	6,067	3,525
Provisions reversed	-	46
TOTAL	**19,378**	**14,971**
Of which related companies	*13,057*	*11,173*

(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	2016	2015
Management	51	57
Non-management	9	9
TOTAL	**60**	**66**

NOTE 15 Exceptional items

The exceptional loss mainly comprises a charge of €121,882 thousand resulting from the difference between the repurchase price and the par value of the the 2017, 2018, 2019, and 2021 bond series repurchased.

NOTE 16 Income tax

Income taxes are detailed as follows:

In thousands of euros

Taxable base at a rate of	**33.33%**
On 2016 income before exceptional items	-115,961
On 2016 exceptional items	-74,627
	-190,588
Addbacks/deductions related to tax consolidation	40,650
	-149,938
Deduction of losses carried forward	-
Taxable bases of the tax consolidation group	-149,938
Corresponding tax	**-**
Contributions of 3.3%	-
Tax on dividends	-2,962
Deduction in respect of tax credits	56
Impact of tax consolidation	12,241
INCOME TAX RECOGNIZED IN THE INCOME STATEMENT	**9,335**

The Company has opted for tax consolidation status, as provided for 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. There are two such sub-tax-consolidation groups: Eufor and its subsidiaries, and the Mecatherm Group and its subsidiaries.

This mechanism produced a tax income for Wendel SE equal to the difference between the tax payable and the amount received from subsidiaries. As Parcours has left the tax consolidation group, the members of the Wendel tax consolidation group in 2016 were: the parent company Wendel SE, Sofiservice, Coba, Eufor, Hirvest 3, The Mecatherm Group, Mecatherm, and Gouet.

NOTE 17 Liquidity and debt situation

As of December 31, 2016, Wendel SE's gross debt was composed of €3,377 million in Wendel bonds with maturities ranging from end-August 2017 to February 2027 (see details in note 7 "Financial debt"). As of December 31, 2016 the average maturity of the bonds was 4.5 years.

Wendel placed two new bond issues totaling €800 million in 2016:

- €300 million par value maturing on April 20, 2023 with a coupon of 1.0%; and
- €500 million par value bonds exchangeable into Saint-Gobain shares maturing on July 31, 2019 with a zero coupon.

€643.7 million of bonds were repaid when they reached maturity in May 2016 and the Company also repurchased bonds with a total par value of €915.4 million maturing in 2017, 2018, 2019, and 2021.

Wendel SE has an unused syndicated credit line of €650 million expiring in November 2019. The covenants are described below and Wendel was in compliance with them as of December 31, 2016.

The main financial debt maturity, external to the Group, in the 12 months following the 2016 close is the repayment of the August 2017 bonds, totaling €507.4 million. Wendel SE's liquidity risk for this period is low, given the high level of cash and short-term financial investments, and the undrawn available credit lines.

Bond indentures

The 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 SE default on a payment beyond certain thresholds, change of control clause, etc.).

Wendel's syndicated credit (undrawn as of December 31, 2016) – 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 therefore corresponds to Wendel bonds and the syndicated credit when drawn, less available cash (potential pledged cash being lodged in the structure for financing with margin calls).

Net debt of the Group subsidiaries is deducted from the gross asset value of these subsidiaries inasmuch as it is without recourse to Wendel. Potential drawing of debt with margin calls (less any cash pledged), would be recognized as a deduction from the shares pledged inasmuch as it is also without recourse to Wendel.

These covenants are as follows:

- the net financial debt of Wendel and its financial holding companies must not exceed 50% of gross asset value after future tax on unrealized gains and losses (excluding cash);
- the ratio of:

(i) unsecured gross debt plus off-balance-sheet commitments similar in nature to unsecured debt of Wendel and its financial holding companies, less available cash (not pledged or in escrow) of Wendel and the financial holding companies, to

(ii) 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 1.

These ratios are tested half-yearly when there are drawdowns under the syndicated credit line. As of December 31, 2016 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 the Wendel Group to the members of the Executive Board in respect of 2016 amounted to €3,766.7 thousand. The value of performance shares allocated to the members of the Executive Board in 2016 totaled €2,846.4 thousand as of the date they were granted.

Compensation paid to members of the Supervisory Board in 2016 totaled €760.9 thousand, including €695 thousand in Wendel SE directors' fees and compensation paid to the Chairman of the Supervisory Board, and €65.9 thousand in directors' fees paid to certain members of the Supervisory Board by Wendel-Participations for serving on its Board. 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 has committed to pay Frédéric Lemoine, Chairman of the Executive Board, in the event of his departure, a maximum of twice his most recent yearly fixed salary and variable pay on achieved objectives, provided certain conditions have been met.

The Company's commitments to Bernard Gautier, member of the Executive Board, in the event of his departure, are as follows:

- end-of-contract severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board; and
- end-of-appointment severance pay, representing a maximum of one year of fixed salary and variable pay on achieved objectives, as allocated by the Supervisory Board, subject to certain conditions.

Wendel-Participations

Wendel-Participations is owned by approximately 1,120 Wendel family individuals and legal entities. Wendel-Participations owned 36.90% of Wendel SE's share capital as of December 31, 2016.

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:

- an agreement governing the use of the "Wendel" name and an license agreement governing the "WENDEL Investissement" brand;
- agreements with Wendel-Participations regarding technical assistance and leasing of premises.

NOTE 19 Subsequent events

At the date the financial statements were finalized, no significant events had occurred since the accounts were closed on December 31, 2016.

Securities portfolio

In thousands of euros	Number of shares owned	% interest	Gross carrying value
Investments in subsidiaries and associates			
Subsidiaries (over 50% owned)			
a) French			
Sofiservice	8,500	100.0%	354
Trief Corporation	41,881	100.0%	3,860,178
Trief Corporation - technical merger loss			384,960
b) Non-French			
Oranje-Nassau Groep	1,943,117	100.0%	238,320
Other subsidiaries and associates			
Bureau Veritas	2,776,225	0.63%	47,328
French equities	2,500	100.0%	53
			4,531,193
Other long-term investments			
Other French equities	-	-	34
			34

Subsidiaries and associated companies

In thousands of euros	Share capital	Other share-holders' equity (incl. net income or loss)	% of capital held	Gross carrying value of shares held	Net carrying value of shares held	Loans and advances granted	Guarantees given	Sales of previous fiscal year	Net income of previous fiscal year	Dividends received during the year
Detailed information (on subsidiaries and associates whose net carrying value is greater than 1% of the share capital of Wendel)										
French										
Bureau Veritas(1)	53,000	1,144,400	0.6%	47,328	47,328	-	-	4,549	319,400	-
Non-French										
Trief Corporation(1)(2)	1,364,525	1,301,665	100.0%	4,245,139	4,245,139	615,747	-	973	87,311	-
Oranje-Nassau Groep(2)	8,744	522,313	100.0%	238,320	238,320	839,164	-	-	-101,333	400,000
Overall summary										
French subsidiaries				407	53					
Non-French subsidiaries				-	-					
French associates				-	-					
Non-French associates				-	-					

(1) Including technical merger loss.
(2) Consolidated figures.

Five-year financial summary

Nature of disclosures	Fiscal year 2012	Fiscal year 2013	Fiscal year 2014	Fiscal year 2015	Fiscal year 2016
1. Capital at year-end					
Share capital[1]	198,175	194,525	191,186	191,970	188,370
Number of ordinary shares in issue	49,543,641	48,631,341	47,796,535	47,992,530	47,092,379
Maximum number of shares that could be issued:					
▪ through the exercise of options	884,540	500,264	383,796	206,051	167,151
2. Results of operation[1]					
Revenue (excluding taxes)	5,975	10,224	10,695	11,400	13,312
Income from investments in subsidiaries and associates	890,024	470,044	285,027	1,500,019	400,014
Income before tax, depreciation, amortization, and provisions	655,762	307,523	133,886	1,337,892	133,052
Income taxes[4]	-27,532	-38,615	-5,859	2,456	-9,335
Net income	782,962	334,261	118,020	1,338,591	135,543
Dividends[2]	82,985	86,449	92,649	103,184	110,667[3]
of which interim dividends	-	-	-	-	-
3. Net income per share (in euros)					
Income after tax but before depreciation, amortization and provisions	13.79	7.12	2.92	27.86	3.02
Net income	15.80	6.87	2.47	27.89	2.88
Net dividends	1.75	1.85	2.00	2.15	2.35[3]
of which interim dividends	-	-	-	-	-
4. Employee data					
Average number of employees	65	66	66	66	60
Total payroll[1]	11,808	12,337	12,435	11,939	12,314
Staff benefits paid during the year (social security, social welfare, etc.)[1]	6,957	8,200	8,086	9,071	7,218

(1) In thousands of euros.
(2) Including treasury shares.
(3) Ordinary dividend of €2.35 (subject to approval by shareholders at their Annual Meeting of May 18, 2017).
(4) The negative amounts represent income for the Company.

6.5 Statutory auditors' report on the financial statements

(Year ended 31 December 2016)

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to the shareholders.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting of Shareholders, we hereby report to you, for the year ended 31 December 2016, on:

- the audit of the accompanying financial statements of Wendel;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Executive Board. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 31 December 2016 and of the results of its operations for the year then ended in accordance with French accounting principles.

II - Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

Accounting estimates

In preparing its financial statements, your Company makes estimates and assumptions concerning, in particular, investments in subsidiaries and associates, and receivables. The accounting estimates used in the preparation of the financial statements for the year ended 31 December 2016 were made in a context in which the uncertainties with regard to the outlook for the global economy make forecasting difficult, as described in the Note "Accounting principles – Use of estimates" to the financial statements.

Regarding "Investments in subsidiaries and associates" and "Other receivables", we verified that the accounting methods described in the notes to the financial statements were appropriate and, where applicable, we reviewed the assumptions and estimates applied by the Company to determine their valuation at the end of the year.

These assessments were made as part of our audit of the financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III - Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Executive Board and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L. 225-102-1 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, 22 March 2017

The Statutory Auditors
French original signed by:

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Françoise Garnier	Jean Bouquot

7 ON THE COMPANY AND SHARE CAPITAL

7.1 Information on the Company

7.1.1 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

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.

Legal structure and applicable legislation

The Company has been a *societas europaea* with an Executive Board and Supervisory Board since July 2015, as decided by shareholders at their Annual 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 (in French) on the Company's website, at www.wendelgroup.com, under the heading *Information réglementée*.

7.2 Principal by-laws

Wendel's by-laws may be viewed (in French) on the Company's website, at www.wendelgroup.com, under the heading *Information réglementée*.

7.2.1 Purpose of the Company

Pursuant to Article 3 of the by-laws, the Company has the following purpose, in all countries, directly or indirectly:

- any equity holdings in industrial, commercial and financial companies of whatever nature through the creation of new companies, transfers of subscriptions or purchases of shares or ownership rights, mergers, alliances, associations 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.

7.2.2 Appropriation of net income

Article 27 of the by-laws provides for the following:

1. at least 5% of net profit 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 balance remaining after these appropriations are 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 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 Annual 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 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 shareholders may decide that the rights comprising fractional shares shall 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.

7.2.3 Executive Board membership

See section 2.1.1 "The Executive Board and its operations".

7.2.4 Supervisory Board membership

See section 2.1.2 "The Supervisory Board and its operations".

7.2.5 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 Shareholders' Meeting) of one or more shareholders holding at least 2% of the number of shares or voting rights.

7.3 How to take part in Shareholders' Meetings

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:

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 societas europaea.

They are held at the Company's registered office, or at another location, as indicated in the invitation to the meeting.

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.

As proof of shareholders' right to participate in the Company's Shareholders' Meetings, 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 Shareholders' 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 Shareholders' 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 of shares 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.

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.

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.

7.4 Information on share capital

7.4.1 Principal shareholders

As of December 31, 2016, the share capital was composed of 47,092,379 shares with a par value of €4 each, benefiting from 70,525,060 theoretical voting rights and 69,078,934 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, 23,432,681 shares had double voting rights.

To the best of the Company's knowledge, the main shareholders as of December 31, 2016 were as follows:

	% of share capital
Wendel-Participations SE and related parties[1]	36.9%
Institutional investors outside France	26.2%
Individual shareholders	20.7%
Institutional investors in France	7.8%
Treasury shares	3.1%
Employees and executives	1.4%
Other	3.9%

(1) Pursuant to Article L. 233-10 of the French Commercial Code, the figures include Wendel-Participations SE and its Chairman.

To the best of the Company's knowledge:

- no shareholder, other than Wendel-Participations SE, owns more than 5% of the Company's shares;
- Supervisory and Executive Board members hold or represent 1.51% of the share capital and 1.90% 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.

As of December 31, 2016, total exercisable stock subscription option grants represented 0.35% of the share capital.

7.4.2 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 approximately 1,120 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, 2016, Wendel-Participations SE (and related parties) had a controlling interest in Wendel with 36.90% of its share capital, 49.29% of its theoretical voting rights, and 50.32% of its exercisable voting rights.

The following measures ensure that this control is appropriately exercised:

- management and oversight are separated through a two-tiered structure, including an Executive Board and a Supervisory Board;
- at least one-third of Supervisory Board members are independent;
- the chairmen of the Supervisory Board committees are independent Board members.

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 8.1 of the 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 and October 2015, 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.

7.4.3 Significant changes in share ownership and voting rights in the last three years

	Situation as of 12/31/2016		Situation as of 12/31/2015		Situation as of 12/31/2014	
	Share capital	Voting rights	Share capital	Voting rights	Share capital	Voting rights
Wendel-Participations SE[(1)]	36.9%	50.3%	36.2%	50.1%	36.4%	49.0%
First Eagle	3.6%	2.4%	3.4%	2.3%	3.8%	4.6%
Treasury shares (registered shares)	2.9%		3.9%		2.7%	
Group savings plan	0.7%	0.8%	0.7%	0.8%	0.7%	0.8%
Other shareholders (institutional and individual)	56.0%	46.4%	55.9%	46.8%	56.4%	45.6%
of which individual shareholders	*20.7%*	*22.1%*	*20.9%*	*22.3%*	*22.6%*	*23.1%*
TOTAL SHARES AND EXERCISABLE VOTING RIGHTS	**47,092,379**	**69,078,934**	**47,995,530**	**65,451,643**	**47,796,535**	**70,936,549**

Voting rights are calculated based on the exercisable voting rights as of that date.
(1) Pursuant to Article L. 233-10 of the French Commercial Code, the figures include Wendel-Participations SE and its Chairman.

In January 2017, a study was performed, as is done every year, to identify the shareholders of Wendel as of December 31, 2016.

There was relatively little change during the year in Wendel's shareholder structure, with a slight increase in French institutional investors (7.8% vs. 7.3% as of December 31, 2015), offset by a slight decline in foreign institutional investors (26.2% vs. 26.8% as of December 31, 2015). The number of individual shareholders decreased to 31,500 vs. 34,200 in the previous year, and their share of capital was fairly stable at 20.7% vs. 20.9% in the previous year.

7.4.4 Changes in share capital in the last three years

Date of change in capital	Type of transaction	Change in number of shares	Number of shares comprising the capital	Par value	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, 2013			**48,631,341**	**€4**		**194,525,364**		**114,551,861**
	Exercises of options	116,468	48,747,809	€4	465,872	194,991,236	2,721,958	117,273,819
	Issue of shares reserved for employees	24,022	48,771,831	€4	96,088	195,087,324	1,995,027	119,268,846
	Cancellation of shares	-975,296	47,796,535	€4	-3,901,184	191,186,140	-96,145,795	23,123,051
Situation as of December 31, 2014			**47,796,535**	**€4**		**191,186,140**		**23,123,051**
	Exercises of options	177,745	47,974,280	€4	710,980	191,897,120	7,040,866	30,163,917
	Issue of shares reserved for employees	18,250	47,992,530	€4	73,000	191,970,120	1,563,660	31,727,577
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**

7.4.5 Ownership threshold disclosures

On January 7, 2016, Wendel-Participations SE disclosed that it had exceeded the 48% threshold for voting rights on January 6, 2016, following passive accretion resulting from the conversion of registered shares previously held by another shareholder to bearer shares (see section 7.4.3 above).

On July 19, 2016, Moneta Asset management disclosed that it had exceeded the threshold of 2% of the shares on July 18, 2016, and held 2.01% of Wendel shares and 1.35% of voting rights.

7.4.6 Pledging of issuer's shares

To the best of the Company's knowledge, 44,325 registered Wendel shares (in either pure or administered form) were pledged as collateral as of December 31, 2016.

7.5 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 2014, Wendel increased its investment in IHS by $503 million, of which $394 million was invested in 2014 and $109 million was invested in 2015. Wendel sold 4.3% of the capital of Saint-Gobain for about €1 billion. Stahl acquired the Leather Services division of Clariant for €75 million in cash and 23% of Stahl's share capital. Materis sold Kerneos, ParexGroup and Chryso for a total of €1.7 billion. Wendel entered into exclusive negotiations to acquire CSP Technologies for an enterprise value of $360 million, and signed an acquisition agreement to acquire Constantia Flexibles based on an enterprise value of €2.3 billion.

In 2015, Wendel completed the acquisition of CSP Technologies on January 29 with a $198 million investment representing 98% of capital, and on March 6, sold 10.9% of Bureau Veritas capital for about €1 billion. On March 27, Wendel completed the acquisition of Constantia Flexibles for an enterprise value of €2.3 billion. After the syndication of a €101 million minority interest of its initial €640 million investment and an additional €31 million investment in November, Wendel's total investment in Constantia Flexibles was €571 million, representing a 61.4% stake. In July, Wendel invested $109 million in IHS to complete the last tranche of a capital increase launched by IHS in November 2014. On December 1, Wendel acquired 95% of the capital of AlliedBarton Security Services for $688 million.

In 2016, Wendel made an additional investment of about $29 million in CSP Technologies to support the Company's acquisition of Maxwell Chase Technologies in March. On May 3, Wendel sold all of the capital of Parcours for net proceeds of €241, and sold 5.3% of the capital of Saint-Gobain for €1.155 billion. On July 29, Wendel acquired 40% of the capital of SGI Africa for €25 million, and will gradually invest up to €120 million over the next several years. At the time of the merger between AlliedBarton and Universal Services of America on August 1 to create Allied Universal, Wendel received about $387 million in cash and about 33% of the capital of Allied Universal. On August 31, Wendel invested an additional $46 million in IHS. Wendel also signed an agreement to acquire Tsebo Solutions Group on September 19 for an enterprise value of 5.25 billion ZAR (about €362 million)[1]. On February 1, 2017, Wendel finalized the acquisition of 65%[2] of the capital of Tsebo for an investment of €159 million[3].

The Company's 2016 activities are detailed in section 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 registration document, no other investment plan is sufficiently far advanced for Wendel's management to have made any firm commitments.

(1) EUR/ZAR = 14.4955 as of January 31, 2017.
(2) % ownership before co-investment from Tsebo's management for a stake of around 2.5% of capital.
(3) After taking into account currency hedging, put in place after signing the agreement in September 2016.

7.6 Financial authorizations

7.6.1 Existing financial authorizations and use thereof

As of December 31, 2016, the following financial authorizations were in effect:

Authorization	Annual Meeting date (resolution no.)	Period and expiration date	Authorized amount or % of capital	Amount used as of 12/31/2016
A. Issue of shares or other securities giving access to the capital				
■ With preferential subscription rights	06/01/2016 10th resolution	14 months 08/01/2017	€95 million	-
■ With waiver of preferential subscription rights	06/01/2016 11th, 12th and 13th resolutions	14 months 08/01/2017	€19 million	-
■ Under greenshoe option	06/01/2016 14th resolution	14 months 08/01/2017	15% of the initial issue	-
■ As consideration for contributions in kind/exchange offers	06/01/2016 15th resolution	14 months 08/01/2017	10% of the capital and €19 million for exchange offers included in the ceiling set in the 11th resolution	-
■ Capitalization of reserves	06/01/2016 16th resolution	14 months 08/01/2017	€80 million	-
■ Overall ceiling authorized	06/01/2016 17th resolution	14 months 08/01/2017	€210 million	-
B. Authorization of share buyback program and share cancellations				-
■ Share buybacks	06/01/2016 9th resolution	14 months 08/01/2017	10% of share capital max. price: €200 per share	593,903 shares
■ Cancellation of shares	06/05/2015 12th resolution	26 months 08/05/2017	10% of capital per 24-month period	-960,837 shares, *i.e.* 2% of share capital
C. Employee share ownership				
■ Group savings plan	06/01/2016 18th resolution	14 months 08/01/2017	€200,000	€93,944
■ Stock options (subscription and/or purchase)	06/01/2016 19th resolution	14 months 08/01/2017	1% of share capital (common ceiling for options and performance shares)	68,814 shares, *i.e.* 0.14% of share capital
■ Performance shares	06/01/2016 20th resolution	14 months 08/01/2017	0.3333% of share capital at the grant date (this ceiling is applied to the above common ceiling)	137,122 shares, *i.e.* 0.29% of share capital

7.6.2 Financial authorizations to be proposed at the Shareholders' Meeting of May 18, 2017

Authorization	Date of Shareholders' Meeting (resolution no.)	Period and expiration date	Authorized amount (par value) or % of capital
A. Issue of shares or other securities giving access to the capital			
■ With preferential subscription rights	05/18/2017 22nd resolution	14 months 07/18/2018	€75 million
■ With waiver of preferential subscription rights	05/18/2017 23rd resolution	14 months 07/18/2018	€18 million
■ Under greenshoe option	05/18/2017 26th resolution	14 months 07/18/2018	15% of the initial issue
■ As consideration for contributions in kind/exchange offers	05/18/2017 27th resolution	14 months 07/18/2018	10% of the capital and €18 million for exchange offers on the ceiling set in the 23th resolution
■ Capitalization of reserves	05/18/2017 28th resolution	14 months 07/18/2018	€80 million
■ Overall ceiling authorized	05/18/2017 29th resolution	14 months 07/18/2018	€190 million
B. Authorization of share buyback program			
■ Share buybacksRachat d'actions	05/18/2017 20th resolution	14 months 07/18/2018	10% of the capital max. price: €200 per share
■ Cancellation of shares	05/18/2017 21st resolution	26 months	10% of capital per 24-month period
C. Employee share ownership			
■ Group savings plan	05/18/2017 30th resolution	14 months 07/18/2018	€150,000
■ Stock options (subscription and/or purchase)	05/18/2017 31th resolution	14 months 07/18/2018	1% of share capital (common ceiling for options and performance shares)
■ Performance shares	05/18/2017 32th resolution	14 months 07/18/2018	0.3333% of capital (this ceiling is applied to the above common ceiling)

The resolutions submitted to shareholders for approval at the May 18, 2017 Shareholders' Meeting will cancel the unused amounts of, and replace, the resolutions with the same purpose that were adopted at the June 1, 2016 Shareholders' Meeting.

7.7 Share buybacks

7.7.1 Legal framework

At their meetings of June 5, 2015 (11th resolution) and June 1, 2016 (9th resolution) shareholders authorized a program allowing the Company to buy back its own shares, limited to the number of shares representing 10% of the share capital at the time of the buyback, for a period of 14 months. The maximum repurchase price under this authorization is €200.

The Executive Board is thus authorized to repurchase the number of shares representing a maximum of 10% of the share capital. For information, at the dates the authorizations were granted, these maximums were 4,788,846 and 4,800,788 shares, respectively.

In accordance with applicable regulations and market practices permitted by the AMF, the objectives of the share buyback program are as follows:

- to deliver 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 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 enable an investment service provider to make a secondary market in the Company's stock or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the Code of Conduct of the Autorité des marchés financiers;
- to implement a stock purchase option plan 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 allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, particularly Articles L. 3321-1 *et seq.* and L. 3331-1 *et seq.* of the French Labor Code;
- to cancel all or part of the shares repurchased.

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.

At their meeting of June 5, 2015 (12th resolution), shareholders authorized the Executive Board, for a period of 26 months, with prior approval of the Supervisory Board, to reduce the share capital of the Company by no more than 10% per 24-month period through the cancellation of shares repurchased in the various share buyback programs authorized by shareholders.

7.7.2 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, 2016, Oddo Corporate Finance:

- purchased for the account of Wendel 1,304,310 shares for a total value of €127,611,562.39 and an average unit value of €97.84;
- sold for the account of Wendel 1,304,310 shares for a total value of €127,115,496.30 and an average unit value of €97.46.

7.7.3 Implementation of stock-option and performance share plans

Between January 1 and December 31, 2016, Wendel did not directly acquire any of its own shares to cover exercises under purchase-type stock-option and performance share plans.

7.7.4 Delivery of shares in the context of acquisitions, mergers, spin-offs or asset contributions

Between January 1, 2016 and December 31, 2016, Wendel directly acquired 593,903 of its own shares for delivery in the context of acquisitions, mergers, spin-offs or asset contributions. These shares were acquired for a gross value of €59,136,817.16 and an average unit price of €99.573.

7.7.5 Cancellation of shares

Between January 1 and December 31, 2016, Wendel reduced capital by cancelling 960,837 shares.

7.7.6 Summary of transactions on shares held by the Company as of December 31, 2016

The Company has not repurchased or sold shares for any purposes authorized under the program other than those detailed in section 7.7.3 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, 2016, Wendel canceled 960,837 shares.

As of December 31, 2016, the Company held 1,446,126 of its own shares, or 3.07% of the capital.

Summary of the Company's transactions on its own shares from January 1 to December 31, 2016

	Cumulative gross amounts in 2016	
	Purchases	**Sales/Transfers**
Number of shares	1,898,213	1,454,551
Average maximum maturity	-	-
Average transaction price	€98.38	€94.10
Average exercise price	-	-
Amounts	€186,748,379.55	€136,878,623.68

Open positions as of December 31, 2015

Open long positions			Open short positions		
Calls purchased	Puts issued (written)	Forward purchases	Calls issued (written)	Puts purchased	Forward sales
-	-	-	-		
-	-	-	-	-	-

7.7.7 Description of the program to be proposed to shareholders at the May 18, 2017 General Meeting

The 20th resolution to be proposed at the May 18, 2017 Shareholders' Meeting asks shareholders to approve a new share buyback program, pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code, Title IV of Book II of the General Regulation of the AMF and European Commission regulation 2273/2003, dated December 22, 2003.

Under this program, shares can be bought for any of the following purposes:

- to deliver shares (as an exchange, payment or other consideration) in the framework of acquisitions, mergers, spin-offs, or asset contributions;
- 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 enable an investment service provider to make a secondary market in the Company's stock or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the code of conduct of the 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 performance shares pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code;
- to allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, particularly Articles L. 3321-1 *et seq.* and L. 3331-1 *et seq.* of the French Labor Code;
- to cancel all or part of the shares repurchased.

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. 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 information, as of December 31, 2016, this authorization represented 4,709,237 shares, or a maximum theoretical investment of €941,847,400 based on the maximum buyback price of €200 per share.

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, 2016, the number of Wendel shares held by the Company was 1,446,126. In light of the shares already held in treasury, the Company would be able to repurchase 3,263,111 shares, or 6.9% of the share capital, for a maximum amount of €652,622,200, based on the maximum unit purchase price of €200. 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 May 18, 2017 Shareholders' Meeting, *i.e.* until July 18, 2018.

At their Meeting of May 18, 2017 (21st resolution), shareholders will also be asked 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 24-month period, *i.e.* until July 18, 2019.

7.8 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 during 2016.

Name and function	Type of security	Type of transaction	Number of securities
Frédéric Lemoine Chairman of the Executive Board	Shares	Sale	60,680
	Shares	Exercise of stock options	19,700
	Shares	Subscription	5,000
Bernard Gautier member of the Executive Board	Shares	Sale	231,072
	Shares	Exercise of stock options	30,264
and BJPG, legal entity related to Bernard Gautier	Shares	Subscription	1,100
Fabienne Porquier member of the Supervisory Board	Shares	Sale	650
	Shares	Subscription	245
Bénédicte Coste member of the Supervisory Board	Shares	Purchases	300

(1) Including transactions carried out by closely-related persons, as defined in the AMF instruction of September 28, 2006.

7.9 Shareholder agreements

7.9.1 Commitments concerning Wendel shares

In accordance with the law of August 1, 2003, the Company has been informed of the following share retention commitments between Wendel-Participations SE and Spim and certain individual shareholders:

- commitments to hold shares for a period of six years pursuant to Article 885 I *bis* of the French Tax Code, dated December 5, 2011, December 19, 2012, and December 3, 2013, relating to 36.74%, 39.12% and 38.58% of the share capital, respectively, at those dates;
- commitments to hold shares for a period of two years pursuant to Article 885 I *bis* of the French Tax Code, dated December 10, 2015 relating to 38.73% of share capital at that date;
- commitments to hold shares for a period of two years pursuant to Article 787 B of the French Tax Code, dated December 1, 2014, December 10, 2015 and November 23, 2016 relating to 39.06%, 38.98% and 39.12% of the share capital, respectively, at those dates.

In addition to a commitment to retain 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 commitments concerning Wendel shares are set out in section 2.1.6.6.

7.9.2 Shareholder and Corporate governance agreements entered into by the Wendel Group: unlisted companies

As of December 31, 2016, the Wendel Group was party to several agreements governing its relationships with its co-shareholders, whether concerning co-investors in its subsidiaries, or unlisted holdings (Allied Universal, Constantia Flexibles, Cromology, IHS, Saham, SGI Africa and Stahl) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at involving them in their company's performance (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump and Stahl).

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, and restrictions on selling to certain persons);
- 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;
- non-competition commitments and priority commitments with respect to acquisition opportunities.

The Constantia Flexibles, Stahl, Saham and Allied Universal 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 either of those actions, the Wendel Group has granted the H. Turnauer Foundation a put option at market value for half of its initial investment, payable in two tranches in cash or in Wendel shares, at Wendel's option;

- for Stahl:
  - Stahl's minority financial investors (former second-lien and former mezzanine lenders) have a put option to sell shares at a discount, in tranches of one-third of their stake, between 2016 and 2018. The initial third was not exercised;
  - Clariant, minority shareholder in Stahl since the acquisition of Clariant Leather Services, benefits from a medium-term liquidity guarantee granted by Wendel to Clariant in an amount determined by a predefined margin multiple;
- for Saham, the majority shareholder of Saham has the option to buy back the whole of Wendel's investment in Saham until 2018 (at a price guaranteeing a minimum IRR of 15% for Wendel);
- for Allied Universal, the company and its two core shareholders have taken various commitments to the US Department of Defense in accordance with the regulations on the control of foreign investments in the US and the protection of US national security interests. These commitments primarily relate to the company's governance (with two "outside" directors approved by the US authorities being appointed at the board of directors - the majority of the directors still being appointed by the two core shareholders which also have reciprocal veto rights on certain key decisions). In the event of new circumstances leading to more stringent restrictions under these regulations, Wendel has agreed to take further steps for the purpose of diluting the foreign interest in Allied Universal (dilution of its ownership or restriction on its governance rights). It is also to be noted that the shareholders agreement provides the right for each of Warburg Pincus and Wendel to trigger an IPO or exercise drag-along rights on all shareholders in the event of a private sale, subject (in the initial years) to minimum transaction valuations.

The agreements with the management teams (managers or former managers) of the subsidiaries (Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump and Stahl) also carry stipulations relating to:

- the right to liquidate their co-investment in successive tranches, beyond a certain period (between the 3rd anniversary and the 13th anniversary of the completion of their co-investment, depending on the agreements concerned), in the absence of a divestment or an IPO; and
- the handling of executive departures (commitment to sell shares to the Wendel Group in the event of an executive departure 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 2016 consolidated financial statements relating to the participation of subsidiary managers in the performance of Group entities.

As part of the liquidity commitments under these agreements, if no liquidity event (divestment or IPO) takes place before certain predetermined dates, the Wendel Group can be required to buy back, or guarantee the repurchase of, the shares held by managers (or former managers) in the Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, Mecatherm, Nippon Oil Pump and Stahl subsidiaries. The value applied to these liquidity commitments is market value, as determined by an independent appraiser, or a value calculated on the basis of a profitability multiple.

This would also be the case for Wendel managers holding shares under co-investment plans in Allied Universal, Constantia Flexibles, Cromology, CSP Technologies, IHS, Mecatherm, Nippon Oil Pump, Saham and Stahl (see note 4.1 to the 2016 consolidated financial statements on the participation of Wendel managers in the Group's investments).

7.9.3 Shareholder and Corporate governance agreements entered into by the Wendel Group: listed companies

7.9.3.1 exceet Group SE

In an agreement entered into in July 2011, Oranje-Nassau Participaties BV, a Wendel subsidiary, the individual founding shareholders of Helikos SE, VMCap and the principal executives of exceet formalized their relationship as shareholders of exceet Group SE acting in concert.

This agreement has a term of five years (with automatic renewal for successive one-year periods), but can be terminated earlier under certain circumstances, in particular if the stake held by VMCap or Wendel should fall below 5% of the capital.

- it provides for the following: VMCap, Wendel and management shall have seats on exceet's Board of Directors and standing committees (with the representation of VMCap and Wendel being adjusted in proportion to their stake in the company);
- VMCap and Wendel shall act in concert before strategic decisions are made by the Board of Directors or at Shareholders' Meetings; and
- certain agreements governing the transfer by Wendel or VMCap of their investment in exceet, and particularly a right of first refusal in the event of sale of public shares.

For more details on this agreement, please refer to the Proxy Statement dated June 7, 2011 available on the company's website (www.exceet.ch).

7.9.3.2 Joint statement by Wendel and Saint-Gobain

In a statement published on May 26, 2011, Wendel and Saint-Gobain expressed their satisfaction that the agreements signed in March 2008 had allowed Saint-Gobain to develop under favorable conditions. The representation of Wendel on Saint-Gobain's Board of Directors, the creation of a Strategy Committee and the resulting high-quality discussions have helped to establish a constructive dialogue and efficient governance and are likely to create favorable conditions for Saint-Gobain's development over the long term. Wendel, as leading shareholder, and Saint-Gobain, through the agreement of its Board of Directors, therefore wish to confirm clear governance principles in a spirit of continuity while marking a new stage in the strategic cooperation and regular dialogue between the two groups.

Wendel and Saint-Gobain reiterate their commitment to the following principles:

- support for the strategy approved by the Board of Directors and implemented by Executive Management;
- respect for Saint-Gobain's independence and equal treatment for all shareholders; and
- stability of the shareholder base, Wendel's contribution to Saint-Gobain's projects and its long-term commitment to Saint-Gobain.

Wendel and Saint-Gobain affirm their determination to implement the business model defined by Saint-Gobain's Board of Directors which serves a clear ambition: to become the leading player in sustainable housing, by offering solutions that make buildings energy-efficient and more environmentally-friendly while improving comfort and quality of life for all, and by maintaining its exemplary approach to all aspects (economic, environmental, social and societal) of sustainable development.

Saint-Gobain's business model is built on three main pillars: Construction Products, Building Distribution and Innovative Materials. Each of these businesses provides Saint-Gobain with specific advantages which together will help drive growth, notably through targeted acquisitions.

As well as an extensive global footprint including in emerging countries, the Construction Products sector offers Saint-Gobain leading-edge technical expertise, particularly in terms of energy efficiency. This can be used to support the development of other Saint-Gobain businesses throughout the world. The sector's construction products and solutions also allow Saint-Gobain to meet the fast-growing needs of emerging countries resulting from demographic and economic change and rapid urbanization, and to provide mature economies with sustainable habitat solutions.

Thanks to its close-up knowledge of customers and market trends, the Building Distribution sector contributes to the entire Saint-Gobain Group. Growth in this sector is driven by new store concepts and new countries.

The third pillar of the model is the Innovative Materials sector, which includes Flat Glass and High-Performance Materials. This sector facilitates access to innovation, as well as to emerging countries. It acts as a technological leader for the entire Group, thanks to a diverse portfolio of materials, patents and processes which have applications in a wide variety of sectors and will also be used in building homes for tomorrow.

On November 15, 2010, the Group set the following objectives through to 2015:

- organic growth in excess of the Group's historical average organic growth rate, accompanied by a targeted acquisitions policy;
- increase in the Group's profitability to above its historical average;
- completion of the strategic refocus on Habitat and withdrawal from Packaging (Verallia);
- stronger positions for the Group in high value-added solutions;
- faster-paced development for the Group in Asia and emerging countries.

The implementation of this strategy will be pursued while respecting the need for strict financial discipline and a clear policy of shareholder returns.

In terms of the governance of the Saint-Gobain Group, Wendel currently holds two out of sixteen seats on Saint-Gobain's Board of Directors, a representation that will remain unchanged going forward. If Wendel were to hold less than 10% of Saint-Gobain's voting rights, it would be entitled to only one seat on the Board. A director representing Wendel has also been appointed to each of Saint-Gobain's Board committees where Wendel plays an important role and this representation would therefore remain unchanged.

Wendel and the Saint-Gobain Group's Executive Management will consult with each other in due time, notably as regards any draft resolution to be put to the vote of Shareholders' Meetings. Neither of the two groups will publish a press release nor publicly adopt a position concerning the other party without having previously informed the other party of its intention to do so.

Wendel confirms that it has no plans to increase its shareholding, either directly or indirectly, alone or in concert, beyond 21.5% of Saint-Gobain's capital. This provision will not apply (i) if the number of Saint-Gobain shares is reduced or if Saint-Gobain buys back its own shares, with Wendel's previously held number of shares remaining unchanged, or (ii) if a stock dividend is paid leading to an accretion of Wendel's interest. These provisions regarding changes in Wendel's shareholding will no longer apply if any other shareholder acting alone or in concert crosses the threshold of 11% of Saint-Gobain's capital, or if a tender offer is launched for Saint-Gobain.

Finally, Wendel agrees not to join a tender offer if the terms of the offer have not been approved by Saint-Gobain's Board of Directors and to abstain from any action that may provoke, encourage or help any such offer to succeed as well as from publicly recommending such an offer, it being specified that Wendel shall nevertheless remain free to tender all or some of its shares if such an offer were to occur.

Wendel shares Saint-Gobain's desire to promote a stable, high-quality shareholder base. Consequently, should Wendel consider transferring shares representing at least 5% of Saint-Gobain's capital, on one or more occasions, to a limited number of buyers, it shall inform Saint-Gobain's Executive Management of its intention. Saint-Gobain's Executive Management would then have one week to submit an acquisition proposal for the shares concerned, by a third party or by Saint-Gobain, remaining valid for a reasonable period of time. Following discussions between the Chairman of each party, Wendel may accept Saint-Gobain's proposal or pursue another offer with financial and key strategic characteristics that it considers in good faith are better aligned with its own interests. Saint-Gobain may ask Wendel to arrange a prior meeting with any such buyer(s) that may have been identified. In any case, the Executive Management of Saint-Gobain and Wendel will use their best efforts to make the transaction a success, in a spirit of cooperation and partnership. In the event of a tender offer for Saint-Gobain, this right of first offer will not apply to any Saint-Gobain shares tendered by Wendel to an offer declared valid by the market authorities.

The items described above provide a favorable basis for the development of the long-term partnership between Saint-Gobain and its leading shareholder, Wendel. It is understood that in the unlikely event that Wendel should notice a disagreement with the majority of Saint-Gobain's Board of Directors on an issue considered of importance, Wendel and Saint-Gobain would use their best efforts to jointly define, within a period of one month, an amicable solution that allows Wendel to continue fulfilling its role on the Board. If Wendel requested that a resolution not approved by the Board be put to the vote of a Shareholders' Meeting of Saint-Gobain, this would obviously constitute a disagreement on an issue considered to be of importance. If the disagreement persisted, Wendel and Saint-Gobain would be discharged from all of their commitments stated herein and the directors representing Wendel would be led to leave the Board at the end of the following Shareholders' Meeting. The aforementioned commitments are valid for a period of ten years from the end of the Shareholders' Meeting of June 9, 2011.

This statement can be found on Wendel's website under the heading "Press portal".

7.10 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:

- the 36.90% of the Company's shares and 50.3% of its theoretical voting rights held by Wendel-Participations SE and its related parties of as of December 31, 2016;
- agreements authorizing the Company and its international offices to use the "Wendel" name and the "Wendel" brand. These agreements contain a cancellation clause in the event that Wendel-Participations SE's stake in the Company should fall below 33.34% of the shares for 120 consecutive days (see section 8.1 of the 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 7.3);
- 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 7.9.1 above);
- authorizations granted to the Executive Board to increase share capital;
- prior authorization from the Supervisory Board required to amend the by-laws;
- termination payments for Executive Board members: the departure of the members of the Executive Board in the event of a change in control of the Company would result in termination payments, as decided at the meetings of the Supervisory Boards of May 6, 2009 and February 11, 2010, and confirmed in their meetings of March 27, 2013 and March 22, 2017 (section 2.1.7.7);
- crossing statutory thresholds: the crossing of every 2% threshold of share capital or voting rights holding must be disclosed.

8

SHAREHOLDERS' MEETING OF MAY 18, 2017

8.1 Statutory Auditors' special report on related party agreements and commitments

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 to approve the financial statements for the year ended December 31, 2016)

To the Shareholders

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons given as to why they are beneficial for the company. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code (*Code de commerce*), 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 concerning the implementation, during the year, of agreements and commitments already approved by the General Meeting of Shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it was extracted.

Agreements and commitments submitted for the approval of the general meeting of shareholders

Agreements and commitments authorized during the year

In accordance with Article L. 225-88 of the French Commercial Code, we have been advised of certain related party agreements and commitments which received prior authorization from your Supervisory Board.

With Fréderic Lemoine, Chairman of the Executive Board, and Bernard Gautier, member of the Executive Board of your company

1. Co-investment by members of the Executive Board in Tsebo

On January 31, 2017, the Wendel Group ("your Group") invested €159m (based on the EUR/ZAR rate at that date) in Tsebo Solutions Group.

Within this context, after prior authorization by the Supervisory Board on September 7, 2016, Frédéric Lemoine and Bernard Gautier invested €159,663.00 and €106,414.80 respectively in Global Performance 17 SA Sicar and in the Tsebo compartment of Expansion 17 SA Sicar, in accordance with the relevant rules applicable for the period 2013-2017.

The Supervisory Board noted the importance of allowing members of the Executive Board to invest in these companies alongside your Group, in order to align their interests with those of the shareholders.

2. Co-investment principles for the period 2017-2020

On October 20, 2016, the Supervisory Board decided to maintain the 2013-2017 co-investment principles for investments made in new companies during the period corresponding to the Executive Board's new term of office, subject, at this stage, to the arrangements described hereafter:

- the minimum rate of return is reduced from 10% to 8% for the deal-by-deal portion (remaining unchanged at 7% for the pooled portion);
- in the event of a stock market floatation, the liquidity extended to co-investors will no longer be total, but will instead be partial in proportion to the shareholding sold by Wendel, in order to align the interests of Wendel and the management. The liquidity pace will thus match that of the sale of shares by Wendel (except in the event of sales amounting to less than 1% of the capital which will be grouped at year-end giving rise to a regularization);
- failing total divestment of the shares previously floated, the residual holding will be valued, on the 8th, 10th and 12th anniversaries of each investment for the deal-by-deal portion, and in 2028-2029 for the pooled portion, on the basis of the average of the closing rates for the six months preceding each due date (and no longer by an independent expert);

- the allocation to the Executive Board would, upon the latter's proposal, be reduced from 33.34% to 30%, including 18% for the Chairman of the Executive Board and 12% for Bernard Gautier, in order to take into account the increase in the size of the teams.

The other 2013-2017 co-investment principles remain unchanged, notably:

- the amount of the co-investment, set at a maximum of 0.5% of the amount invested by Wendel,
- the allocation of the co-investment between the pooled portion (50%) and the deal-by-deal portion (50%),
- the allocation of the co-investment between the pari passu portion (30%) and the carried portion (70%),
- in respect of the carried portion, the co-investors' entitlement to 7% of the capital gain, subject to the minimum rate of return having been reached,
- the vesting of the carried portion of the co-investment over four years, 20% at the investment date and 20% at each anniversary date.

On October 20, 2016, the Supervisory Board noted the importance of allowing corporate officers to invest alongside your Group, in order to align their interests with those of the shareholders.

In addition, on April 4, 2017 the Chairman of the Supervisory Board reiterated or specified the following points:

- the Supervisory Board authorizes investments by corporate officers on a case-by-case basis,
- for the automatic application of the liquidity clause failing stock market floatation or divestment, the method adopted should take into account the Group's experience with with Stahl and Materis,
- the reciprocal agreements to buy and sell applicable in the event of the departure of a co-investor remain unchanged,
- these 2017-2020 co-investment principles apply to investments made in new companies between 2017 and December 2020 (unless extended).

Bernard Gautier, member of the Executive Board of your company

Fixed and variable compensation for 2017

On October 20, 2016, the Supervisory Board decided, upon the proposal of the Chairman of the Executive Board, to increase the Bernard Gautier's compensation in respect of his employment contract.

Bernard Gautier's fixed compensation for 2017 was thus increased by 5%, to €840,000. His variable compensation was increased from 100% to 115% of his fixed compensation.

The Supervisory Board deemed this increase in Bernard Gautier's fixed compensation to be justified insofar as his fixed compensation had not been raised since 2008 and had even decreased between 2009 and 2012.

The Supervisory Board deemed this increase in Bernard Gautier's variable compensation to be justified insofar as the four targets (three quantitative and one qualitative) set by the Board, each counting for 25%, are more demanding than the previous targets.

Agreements and commitments authorized after closing

We have been advised of the following related party agreements and commitments which received prior authorization from your Supervisory Board after closing.

With Fréderic Lemoine, Chairman of the Executive Board

Severance payment for Frédéric Lemoine

Within the context of the renewal of the Executive Board members' terms of office for a period of four years as from April 7, 2017, the Supervisory Board renewed the terms of the severance payment entitlement which had been granted to Frédéric Lemoine by decision of the Supervisory Board on March 27, 2013.

On March 27, 2013, the Supervisory Board had decided to renew the previous terms.

In the event of departure, Frédéric Lemoine is entitled to a maximum of two years' compensation, based on his last total fixed compensation and variable compensation for targets met.

The severance payment shall be due in the event of departure that is not motivated by a failure, the latter being characterized by serious or wilful misconduct recognized unanimously by the members of the Supervisory Board. Subject to this reservation, the severance payment shall apply in the event of removal from office or non-renewal of the term of office of the Chairman of the Executive Board, a substantial change in his responsibilities, a change in the control or significant disagreement on the strategy of Wendel or the Group.

The payment of this indemnity is subject to two performance conditions:

- for 50% of its amount, this indemnity is subject to the payment, in respect of two of the three financial years preceding departure, including the current financial year, of variable compensation at least equal to 50% of the variable compensation for targets met granted to Frédéric Lemoine by the Supervisory Board in respect of the three financial years in question;
- for 50% of its amount, the indemnity is only paid if the net asset value (NAV) per share at the end of the term of office (Actual NAV) is higher than or equal to 90% of the average amount of the NAV per share for the preceding twelve months (Reference NAV); if Actual NAV is between 90% and 60% of Reference NAV, the portion of the indemnity paid in this respect shall be reduced by 2.5 times the difference (thus, if Actual NAV is less than 20% of Reference NAV, the portion of the indemnity paid in this respect is halved: 20% x 2.5 = 50%); if Actual NAV is less than 60% of Reference NAV, no indemnity shall be paid in this respect.

The Supervisory Board considered that these indemnities were still appropriate in terms of their amount and conditions.

Bernard Gautier, member of the Executive Board of your company

Severance payment for Bernard Gautier

Within the context of the renewal of the Executive Board members' terms of office for a period of four years as from April 7, 2017, the Supervisory Board renewed the terms of the severance payment entitlement which had been granted to Bernard Gautier by decision of the Supervisory Board on March 27, 2013.

On March 27, 2013, the Supervisory Board had decided to renew the arrangement relating to the conditions of Bernard Gautier's potential departure as follows:

- in the event of termination of his employment contract, Bernard Gautier shall be entitled to an indemnity equal to the annual average of the gross fixed and variable compensation granted to him in respect of the last three financial years, for which the accounts have been closed, preceding notification of his dismissal (or the legal date of termination of his employment contract in the event of mutually agreed termination or resignation). If said indemnity exceeds the indemnity provided for under the national collective bargaining agreement, the surplus shall only be paid if, for two of the three financial years preceding the year in which Bernard Gautier is notified of his dismissal (or the legal date of termination of his employment contract in the event of mutually agreed termination or resignation), he has received variable compensation that is at least equal to 50% of his variable compensation for targets met in respect of the three financial years in question.

This indemnity shall be due in the event of mutually agreed termination, dismissal (with the exception of dismissal for serious or wilful misconduct) or resignation, if the latter follows the removal of Bernard Gautier from corporate office, the non-renewal of his term as corporate officer, his resignation from corporate office as a result of a substantial change in his responsibilities, a change in control or significant disagreement on the strategy of Wendel or the Group.

In the event that Bernard Gautier ceases to be a member of the Executive Board, he shall receive an indemnity equal to the annual average of the gross fixed compensation and variable compensation for targets met granted to him by the Supervisory Board in respect of the last three financial years, for which the accounts have been closed, preceding his departure, subject to the following performance conditions:

- for 50% of its amount, this indemnity is subject to the payment, in respect of two of the three financial years for which the accounts have been closed preceding departure, of variable compensation at least equal to 50% of the variable compensation for targets met in respect of the three financial years in question;
- for 50% of its amount, the indemnity is only paid if the net asset value (NAV) per share at the end of the term of office (Actual NAV) is higher than or equal to 90% of the average amount of the NAV per share for the preceding six months (Reference NAV); if Actual NAV is between 90% and 60% of Reference NAV, the portion of the indemnity paid in this respect shall be reduced by 2.5 times the difference (thus, if Actual NAV is less than 20% of Reference NAV, the portion of the indemnity paid in this respect is halved: 20% x 2.5 = 50%); if Actual NAV is less than 60% of Reference NAV, no indemnity shall be paid in this respect.

This indemnity shall be due in the event of departure related to the removal of Barnard Gautier from office or non-renewal of his term of office as member of the Executive Board, or his resignation from office as member of the Executive Board if the latter follows dismissal or the mutually agreed termination of his employment contract, a substantial change in his responsibilities, a change in control or significant disagreement on the strategy of Wendel or the Group.

The Supervisory Board considered that these indemnities were still appropriate in terms of their amount and conditions.

Agreements and commitments already approved by the general meeting of shareholders

Agreements and commitments approved in previous years

In accordance with Article R. 225-57 of the French Commercial Code, we have been advised that the implementation of the following agreements and commitments which were approved by the General Meeting of Shareholders in previous years continued during the year.

With Fréderic Lemoine, Chairman of the Executive Board, and Bernard Gautier, member of the Executive Board of your company

Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel between 2006 and 2008 (and to later re-investments made by Wendel in these companies)

In 2006 and 2007, Wendel implemented a co-investment system designed to associate Wendel's management team in your Group's performance. As a result, the management team members invested personally alongside your Group in Winvest International SA Sicar, which held your Group's investments in the unlisted companies Cromology (formerly Materis) and Stahl at December 31, 2016.

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) the co-investors are entitled to 10% of the capital gain (for 0.5% of the total investment), provided that Wendel has achieved a minimum annual return of 7% and a cumulative return of 40% on its investment; failing this, members of the management team will lose the amounts they invested; the minimum annual return condition of 7% will be assessed based on the original value of the investments and investment dates;

(iii) rights to co-investment benefits will vest gradually over a period of four years in five 20% tranches (20% at the investment date, then 20% at each anniversary date); however, the members of the management team have committed, in the event of departure, to sell on demand their unvested shares at their original value;

(iv) the capital gain will be realized at the time of divestment, or, in the absence of divestment, at the end of ten years, on the basis of an expert opinion.

In this context, in 2010 the members of the management team entered into, with your Group, agreements to sell and agreements to buy that are to be exercised:

- either upon the occurrence of a liquidity event affecting Cromology (formerly Materis) or Stahl, a liquidity event being defined as complete divestment of the company concerned, a change in control, sale or repayment of more than 50% of the financial instruments held by your Group in the company concerned, the stock market flotation of the company concerned, or the end of the ten-year period as from the initial investment (December 31, 2016); or
- in the event of the departure from your Group of the management team member concerned.

In the case of a liquidity event, your Group has undertaken to buy from the members of the management team their shares in Winvest International SA Sicar that are representative of the company concerned, at a price such that the latter receive 10% of the capital gain made on this company, subject to your Group having obtained a minimum annual return of 7% and a cumulative return of 40% on its investment. Failing this, the members of the management team have undertaken to sell, to your Group, their shares in Winvest International SA Sicar that are representative of the company concerned, for the token sum of €1.

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 Winvest International SA Sicar at their original value, whatever the reasons for this person's departure from your Group, and
  - his or her vested shares in Winvest International SA Sicar, (a) 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 Winvest International SA Sicar at their original value in the event of dismissal or removal from office or non-renewal of office, except in the event of serious or gross misconduct, or in the event of death, and
    - his or her vested shares in Winvest International SA Sicar, at their market value in the event of dismissal or removal from office or non-renewal of office, except in the event of serious or gross misconduct, and at their original value or market value, whichever is higher, in the event of death.

In accordance with the principles of this framework agreement, the ten-year period ended on December 31, 2016 and the distributable cash will be paid in 2017.

Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel between 2011 and 2012 (and to later re-investments made by Wendel in these companies)

In 2011, Wendel integrated a pari passu principle into its co-investment system resulting in a change in the co-investment principles applicable to Wendel's management team for acquisitions carried out by Wendel in 2011 and 2012. The management team members invested personally alongside your Group in Oranje-Nassau Développement SA Sicar, which held your Group's investments in the unlisted companies Mecatherm and IHS at December 31, 2016.

The general principles applicable to these co-investments are as follows:

- 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;
- 30% of the amount invested by the management teams is invested under the same conditions as Wendel (pari passu co-investment);
- 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;
- 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);
- 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;
- 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 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 2006 and 2008 (and to the subsequent re-investments made by Wendel in these companies) as described above.

In accordance with the principles governing the framework agreement, the members of the Executive Board made additional co-investments in IHS on August 9, 2016 and November 24, 2016. Within this context, Fréderic Lemoine and Bernard Gautier invested €42,240 and €28,050 respectively in the IHS compartment of Oranje-Nassau Développement SA Sicar.

In accordance with the 2011-2013 co-investment principles, the co-investment in Parcours was unwound at the end of 2016 following the sale of the company in May 2016 to ALD Automotive, a subsidiary of Société Générale. This sale was made based on shareholders' equity valued at approximately €300m and resulted in net proceeds of €240.7m for Wendel. As the minimum return conditions (7% annual and 40% cumulative) were met for Wendel (with an average annual return of approximately 18% and a cumulative return of 120%), 21 co-investors received €9.7m in respect of the share of gross proceeds due to them in accordance with the above co-investment rules, including 20.3% for Frédéric Lemoine and 13.53% for Bernard Gautier. If ALD Automotive implements the seller's warranty in respect of the sale of Parcours, these amounts will be reduced by the share of the warranty to be borne by the co-investors, in particular Frédéric Lemoine and Bernard Gautier.

Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel between April 2013 and April 2017 (and to later re investments made by Wendel in these companies)

In 2013, Wendel made changes concerning the investments made by the Wendel Group in new companies acquired between April 2013 and April 2017, by introducing a pooled share and raising the condition for the minimum return of the Wendel Group. The members of Wendel's management team therefore invested personally alongside your Group in Expansion 17 SA Sicar and Global Performance 17 SA Sicar, which held your Group's investments in the unlisted companies Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles and Allied Universal (resulting from the merger of AlliedBarton and Universal) as at December 31, 2016.

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% (pooled 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 pooled basis;
- the co-investors having freely made the commitment to participate in the 2013-2017 co investment program are required to invest in all of the investments for the period with respect to the pooled 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 pooled 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 cannot exceed 0.5% of Wendel's investment;
- liquidity events include complete divestment, change in control, sale of more than 50% of the financial instruments 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;
- rights to carried interest will vest gradually over a period of 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 a departure during this period, the members of the management team undertake to sell on demand (and in some cases, are entitled to sell) their unvested rights at their original value (and in some cases, their fully vested rights) under predefined financial conditions.

The Executive Board's share of the co-investment is equal to one-third of the total co-investment, breaking down as 20% for the Chairman of the Executive Board 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.

In accordance with the principles governing the framework agreement, following the co-investment in AlliedBarton on November 27, 2015 and further to the merger of AlliedBarton and Universal in August 2016, the amount of the co-investment made by the members of Executive Board in AlliedBarton (now Allied Universal), was reduced to €284,088 for Frédéric Lemoine and €189,345 for Bernard Gautier as a result of the repayment of shareholder advances.

With Bernard Gautier, member of the Executive Board of your company

Variable compensation of a member of the Executive Board

Bernard Gautier has held an employment contract since he joined Wendel in 2003. In 2005 he was appointed member of the Executive Board and his employment contract continued in force. His fixed and variable compensation is paid to him in respect of his employment contract.

At its meeting on March 22, 2017, upon the proposal of the Chairman of the Executive Board and on the advice of the Governance Committee, the Supervisory Board authorized your company to pay Bernard Gautier variable compensation in respect of 2016, given the targets achieved, equal to 85.23% of his fixed compensation. As a result, Bernard Gautier's variable compensation for 2016 amounted to €681,840.

With Wendel-Participations, shareholder of your company

Service agreement for administrative assistance

On September 2, 2003, your company entered into a service agreement for administrative assistance with Wendel-Participations: your company invoiced €13,000 before tax in respect of 2016.

Agreement to rent premises

On September 2, 2003, your company entered into a commitment with Wendel-Participations to rent premises: your company invoiced €43,733.28 before tax in respect of 2016.

Agreements on the use of the Wendel brand

By two agreements dated May 15, 2002, SLPS 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 brand "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 brand shall become final and irrevocable.

One of these agreements was modified by amendment dated October 25, 2013, in order to define the rules for the use of the Wendel brand abroad within the context of the international expansion of your Company's activities in North America, Germany, Africa, South-East Asia, China and Japan, thus enabling your Company to use the Wendel brand in these geographical areas.

Within the context of the re-opening of an office in London, on December 8, 2015 your company and Wendel-Participations, owner of the Wendel brand, signed an amendment to their licence agreement of May 15, 2002, in order to authorize the use of the brand for the London office. The brand licence agreement remains unchanged in all other respects. This amendment received the prior authorization of the Supervisory Board on October 22, 2015. The Board deemed that it was in the interests of the company to make itself known in the UK market under the Wendel name.

Neuilly-Sur-Seine and Paris-La Défense, April 7, 2017

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Françoise Garnier	Jean Bouquot

8.2 Statutory auditors' report on the issue of shares and various securities with or without cancellation of preferential subscription rights

This is a free translation into English of the Statutory Auditors' report on the issue of shares and various securities with or without cancellation of preferential subscription rights issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Extraordinary General Meeting of Shareholders of May 18, 2017 – 22nd, 23rd, 24th, 25th, 27th and 29th 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 et seq. of the French Commercial Code (*Code de commerce*), we hereby report on the proposed delegations of authority to your Executive Board to proceed with various issues of shares and securities, operations upon which you are called to vote.

On the basis of its report, your Executive Board proposes that:

- you delegate authority to it, with the possibility to sub-delegate such authority, in the conditions laid down by law, subject to prior authorization by the Supervisory Board in accordance with article 15-V b) of the Memorandum and Articles of Association, for a period of fourteen months, to decide whether to proceed with the following operations and to fix the final terms and conditions thereof, and proposes to cancel your preferential subscription rights if appropriate:
  - the issue, without cancellation of preferential subscription rights, of shares of the company or securities of any nature giving access to a portion of the share capital to be issued by the company or one of the companies referred to in article L. 228-93 of the French Commercial Code (22nd resolution),
  - the issue, with cancellation of preferential subscription rights, by means of an offer to the public of shares of the company or securities of any nature giving access to a portion of the share capital to be issued by the company or one of the companies referred to in with article L. 228-93 of the French Commercial Code (23rd resolution),
  - the issue, with cancellation of preferential subscription rights, of shares or securities giving access to the capital of the company, as a result of the issue by companies referred to in article L. 228-93 of the French Commercial Code, of securities giving access to the capital of the company (23rd resolution),
  - the issue, with cancellation of preferential subscription rights, by means of offers referred to in section II of article L. 411-2 of the French Monetary and Financial Code (Code monétaire et financier) and, within the limit of 10% of the share capital per year, of shares of the company or securities of any nature giving access to a portion of the share capital of the company or one of the companies referred to in article L. 228-93 of the French Commercial Code or giving access to the allocation of debt securities (24th resolution),
  - the issue of shares or securities giving access to the capital of the company (23rd resolution) :
    - with a view to the remuneration of contributions in kind granted to the company, composed of shares or securities giving access to the capital when the provisions of article L. 225-148 of the French Commercial Code are not applicable, within the limit of 10% of the capital,
    - as remuneration for securities contributed in respect of a public offer of exchange launched by your company in the conditions laid down by article L. 225-148 of the French Commercial Code.
- you authorize it, by the 25th resolution and within the scope of the implementation of the delegation of authority referred to in the 23rd and 24th resolutions, to fix the issue price within the legal annual limit of 10% of the share capital.

The nominal amount of the capital increases that may be carried out immediately or in the future may not exceed €75,000,000 in respect of the 22nd resolution and €18,000,000 in respect of the 23rd, 24th, 25th and 27th resolutions, it being specified that these amounts will be deducted from the overall limit of €190,000,000 common to the 22nd, 23rd, 24th, 27th and 28th resolutions (as fixed in the 29th resolution).

These limits take into account the additional number of securities to be created within the context of the implementation of the delegations of authority referred to in the 22nd and 23rd resolutions, in the conditions provided for in article L. 225-135-1 of the French Commercial Code, if you adopt the 26th resolution.

The Executive Board may not, without the prior authorization of the General Meeting of Shareholders, use these delegations of authority as from the moment that a third party has filed a proposed public offer relating to the shares of the company and until the end of the offer period.

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. 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 these operations provided in the report.

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 the information provided in the Executive Board's report relating to these operations and the methods used to determine the issue price of the equity securities to be issued.

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 of the equity securities to be issued provided in the Executive Board's report in respect of the 23rd, 24th and 25th resolutions.

Moreover, as the methods used to determine the issue price of the equity securities to be issued within the context of the implementation of the 22nd and 27th resolutions are not specified in that report, we cannot report on the choice of constituent elements used to determine the issue price.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the cancellation of preferential subscription rights proposed in the 23rd and 24th resolutions.

In accordance with article R. 225-116 of the French Commercial Code, we will issue a supplementary report, if appropriate, when your Executive Board has exercised these delegations of authority in the event of the issue of securities that are equity securities giving access to other equity securities or giving access to the allocation of debt securities, in the event of the issue of securities giving access to equity securities to be issued and in the event of the issue of shares with cancellation of preferential subscription rights.

Neuilly-sur-Seine and Paris-La Défense, April 7, 2017

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Françoise Garnier	Jean Bouquot

8.3 Statutory auditors' report on the authorization to award stock subscription and/or purchase options to corporate officers and employees

This is a free translation into English of the Statutory Auditors' report on the authorization to award stock subscription and/or purchase options to corporate officers and employees issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Extraordinary General Meeting of Shareholders of May 18, 2017 – 31st 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 to award stock subscription and/or purchase options to those who will be designated from among the corporate officers referred to in article L. 225-185 of the French Commercial Code and employees of the Company and of the companies or groups of companies that are related to it within the meaning of article L. 225-180 of said Code, an operation upon which you are called to vote.

On the basis of its report, your Executive Board proposes that it be authorized, for a period of fourteen months, to award stock subscription and/or purchase options.

It is the responsibility of the Executive Board to prepare a report on the reasons for awarding stock subscription and/or purchase options and on the proposed methods for the determination of the subscription and/or purchase price. Our role is to express an opinion on the proposed methods for the determination of the subscription and/or purchase price of the shares.

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 notably in verifying that the proposed methods for the determination of the share subscription and/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 share subscription and/or purchase price.

Neuilly-sur-Seine and Paris-La Défense, April 7, 2017

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Françoise Garnier	Jean Bouquot

8.4 Statutory auditors' report on the authorization to award free existing shares or shares to be issued to corporate officers and employees

This is a free translation into English of the Statutory Auditors' report on the authorization to award free existing shares or shares to be issued to corporate officers and employees issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Extraordinary General Meeting of Shareholders of 18 May, 2017 – 32nd 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 authorization to award free existing shares or shares to be issued by your company to the employees and corporate officers of Wendel 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 of companies 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.

On the basis of its report, your Executive Board proposes that it be authorized, for a period of fourteen months, to award free 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 provided to you regarding the proposed operation.

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 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 authorization to award free existing shares or shares to be issued.

Neuilly-sur-Seine and Paris-La Défense, April 7, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Françoise Garnier	Jean Bouquot

8.5 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.

(Extraordinary General Meeting of Shareholders of May 18, 2017 – 21st 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, for a period of 26 months starting on the date of the present shareholders' meeting, to proceed with the cancellation of shares the Company was authorized to repurchase, representing an amount not exceeding 10 % of its total share capital, by periods of 24 months in compliance with the article mentioned above.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the 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.

Neuilly-sur-Seine and Paris-La Défense, April 7, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopersAudit	ERNST & YOUNG Audit
Françoise Garnier	Jean Bouquot

8.6 Statutory auditors' report on the issue of shares or securities giving access to the capital with cancellation of preferential subscription rights reserved for employees that are members of one or more company savings schemes set up within the group

This is a free translation into English of the Statutory Auditors' report on the issue of shares or securities giving access to the capital with cancellation of preferential subscription rights reserved for employees that are members of one or more company savings schemes set up within the group issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Extraordinary General Meeting of Shareholders of May 18, 2017 – 30th 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 to decide whether to proceed with a capital increase by issuing shares or securities giving access to the Company's capital, for a maximum nominal amount of €150,000, with cancellation of preferential subscription rights, reserved for employees that are members of one or more company savings schemes set up within the group, an operation upon which you are called to vote.

This capital increase is submitted for your approval in accordance with article L. 225-129-6 of the French Commercial Code and article L. 3332-18 *et seq*. of the French Labor Code (*Code du travail*).

On the basis of its report, your Executive Board proposes that you delegate authority to it, with the possibility to sub-delegate such authority, in the conditions laid down by law, subject to prior authorization by the Supervisory Board in accordance with article 15-V b) of the Memorandum and Articles of Association, for a period of fourteen months, to decide whether to proceed with a capital increase, on one or more occasions, and to cancel your preferential subscription rights relating to the shares or securities to be issued. If necessary, it will fix the final terms and conditions of issue under this operation.

It is the Executive Board's responsibility to prepare a report in accordance with articles R. 225-113 et seq. of the French Commercial Code. 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 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 the information provided in the Executive Board's report relating to this operation and the methods used to determine the issue price of the equity securities to be issued.

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 of the equity securities 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, we will issue a supplementary report when your Executive Board has exercised this delegation of authority, in the event of the issue of shares or securities that are equity securities giving access to other equity securities, and in the event of the issue of securities giving access to equity securities to be issued.

Neuilly-sur-Seine and Paris-La Défense, April 7, 2017

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Françoise Garnier	Jean Bouquot

8.7 Supplementary report from the Executive Board Article R. 225-116 of the French Commercial Code Capital increase reserved for members of the 2016 Wendel Group Savings Plan

The Executive Board, using the power delegated to it by the Shareholders at their Combined Shareholders' Meeting on June 1, 2016, by virtue of the eighteenth resolution, after obtaining the approval of the Supervisory Board on June 1, 2016, decided on July 7, 2016, to carry out a capital increase reserved for members of the Wendel Group savings plan, in favor of whom the shareholders' preferential subscription right was canceled at the same meeting.

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.

Final terms and conditions of the capital increase

Size of the reserved capital increase:

On July 7, 2016, the Executive Board decided to set the maximum par value of the reserved capital increase at €200,000, or 50,000 shares with a par value of €4 per share.

On July 25, 2016, the Executive Board recognized that 107,235 shares had been subscribed by the close of the subscription period, increasing the Company's share capital by €428,940, of which €93,944 consists of shares issued for the Group savings plan and €334,996 of shares issued as a result of stock option exercises. The Executive Board then decided to reduce the share capital by 960,837 shares.

The Company's share capital therefore currently stands at €188,324,116, divided into 47,081,029 shares, all of the same class, with a par value of €4 per share.

Subscription price:

On July 7, 2016, the Executive Board set the discount at 20% of the reference price, noting that:

- the reference price, calculated based on the average closing share price for the 20 trading days prior to July 7, 2016, was €94.38;
- the subscription price, set at 80% of the reference price, was €75.5.

Each new share having a par value of €4 is therefore issued with a share premium of €71.5.

Beneficiaries:

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 Combined Shareholders' Meeting on June 1, 2016, the shareholders' preferential subscription rights were canceled in favor of the beneficiaries of the capital increase.

Rights attached to shares:

The new shares were issued with ownership rights taking effect at once and were immediately 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 2016, the matching contribution is 200% of the subscriber's voluntary contribution, up to a limit of 110 Wendel shares. The amount of 110 shares represents the largest whole number of shares that may be subscribed without the employers' contribution exceeding the legal limit of €5,560 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 made 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 July 8 to July 21, 2016, inclusive.

The subscription period could have ended at any time before July 21, 2016 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 Eurolist by Euronext was requested as soon as possible after the capital increase.

Impact of the capital increase

The Company issued 23,486 new shares.

In accordance with Article R. 225-115 of the French Commercial Code, the Executive Board hereby 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 capital. The impact of the issue was assessed based on the latest parent company financial statements dated June 30, 2016.

- Impact on book value as of June 30, 2016:

  After taking into account the 23,486 shares subscribed to in connection with the capital increase covered in this report, book value per share declined by €0.02 based on a total of 48,018,380 shares issued, representing the Company's share capital, and by €0.02 based on a total of 48,069,981 shares issued or that could potentially be issued.

- Theoretical impact on the share's current stock market value based on the average share price for the 20 trading days prior to July 7, 2016:

  After taking into account the 23,486 shares subscribed to in connection with the capital increase covered in this report, the share's market value declined by €0.01 based on a total of 48,018,380 shares issued, representing the Company's share capital, and by €0.01 based on a total of 48,069,981 shares issued or that could potentially be issued:

July 25, 2016

Frédéric Lemoine

Chairman of the Executive Board

Bernard Gautier

Member of the Executive Board

8.8 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 the Statutory Auditors' supplementary report on the increase in capital with cancellation of preferential subscription rights reserved for members of a company savings scheme issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Executive Board meeting of July 25, 2016

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 special report dated April 6, 2016, 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 Ordinary and Extraordinary Shareholders' Meeting on June 1, 2016, in its eighteenth resolution.

This increase in capital is subject to your approval in accordance with article L. 225-129-6 of the French Commercial Code and articles L. 3332-18 et seq. of the French Labour Code (Code du travail).

The Shareholders' Meeting had delegated authority to your Executive Board to decide whether to proceed with such an operation, for a period of fourteen months and a maximum amount of €200,000. Exercising this delegation of authority, your Executive Board decided, at its meeting on July 7, 2016, to proceed with an increase in capital limited to the nominal amount of €200,000, by issuing 50,000 ordinary shares with a nominal value of €4 each, at the unit price of €75.50, with a share premium of €71.50, reserved for members of the Group Savings Scheme. The employees and corporate officers concerned must have been with the Group for at least three months as of the date of the close of the subscription period.

It is the responsibility of the Executive Board to prepare a report in accordance with articles R. 225-115 and R. 225-116 of the French Commercial Code. Our role is to report on the fairness of the financial information taken from interim accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue provided in the report.

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:

- the fairness of the financial information taken from the interim accounts drawn up as at June 30, 2016 under the responsibility of the Executive Board at its meeting on July 25, 2016, using the same methods and the same presentation as the last annual accounts. We performed procedures on these interim accounts which consisted of discussion with the members of the management responsible for accounting and financial aspects, verifying that the interim accounts had been drawn up according to the same accounting principles and methods of measurement and presentation as those used to draw up the last annual accounts, and implementing analytical procedures;
- the compliance with the terms of the operation as authorized by the Ordinary and Extraordinary Shareholders' Meeting;
- 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 these interim accounts and included in the Executive Board's supplementary report;
- the compliance with the terms of the operation as authorized by the Ordinary and Extraordinary Shareholders' Meeting of June 1, 2016 and the information provided to the shareholders;
- the choice of constituent elements used to determine the issue price and its final amount;
- the presentation of the effect of the issuance on the financial position of the holders of shares and securities giving access to the capital as expressed in relation to shareholders' equity, and on the market value of the share;
- the cancellation of the preferential subscription rights, upon which you have voted.

Neuilly-sur-Seine and Paris-La Défense, July 29, 2016
The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit	ERNST & YOUNG Audit
Françoise Garnier	Jean Bouquot

8.9 Observations from the Supervisory Board for the shareholders

To the Shareholders,

Throughout 2016, the Supervisory Board, with the meticulous and diligent support of its committees, carried out its control and oversight function of the Executive Board as set forth in the Company's by-laws and required by law. In 2016, the Supervisory Board met nine times. The Audit Committee met six times and the Governance Committee met eight times. The Supervisory Board reappointed the Executive Board for a further four year-term, effective April 7, 2017.

Despite the uncertain economic climate, Wendel continued to carry out an active portfolio management strategy and pursue its international diversification:

- the sale of Parcours,
- the sale of a 5% stake in Saint-Gobain,
- the acquisition of a 40% stake in SGI Africa, a company that develops and operates shopping centers in Africa,
- the merger between AlliedBarton and Universal Services of America to create a leading security services company in the United States,
- the acquisition of Tsebo, a leading provider of corporate services in Africa.

The Group's unlisted companies performed well in 2016 and their value in Wendel's NAV is on the rise.

On March 22, 2017, the Supervisory Board examined and finalized Wendel's parent company and consolidated financial statements as prepared by the Executive Board. It has no matters to bring to your attention and recommend their approval.

The consolidated financial statements for the year ended December 31, 2016 show consolidated net sales of €8,283.6 million, up 7.8%, and net income from operations of €516.9 million, up 11.8%.

The Supervisory Board has approved the Executive Board's proposal to set the 2016 dividend at €2.35 per share, reflecting an increase.

In terms of governance, you are being asked to approve the renewal of the terms of four Supervisory Board members, including one independent member, Laurent Burelle. You are also being asked to approve the addition of two new members to the Supervisory Board: Nicholas Ferguson, an independent member of British nationality, and Nicolas ver Hulst. These two new members would bring to the Board extensive investment experience, especially internationally, and are reputed within the industry. Subject to your approval, the Board would be very happy to welcome them to the Board.

Finally, the Board recommends your approval of all the resolutions submitted to you by the Executive Board at the Annual Meeting.

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.

8.11 Shareholders' Meeting of May 18, 2017

Resolutions pertaining to the Ordinary Meeting

1. Approval of the 2016 parent company financial statements;
2. Approval of the 2016 consolidated financial statements;
3. Net income allocation, dividend approval and payment;
4. Approval of related-party agreements;
5. Approval of the renewal of commitments made to the Chairman of the Executive Board in the event of the termination of his duties;
6. Approval of the renewal of commitments made to the other Executive Board member in the event of the termination of his duties;
7. Renewal of the appointment of a Supervisory Board member;
8. Renewal of the appointment of a Supervisory Board member;
9. Renewal of the appointment of a Supervisory Board member;
10. Renewal of the appointment of a Supervisory Board member;
11. Appointment of a Supervisory Board member;
12. Appointment of a Supervisory Board member;
13. Setting of the amount of directors' fees allocated to the Supervisory Board;
14. Vote on the compensation policy for the Chairman of the Executive Board;
15. Vote on the compensation policy for the other Executive Board member;
16. Vote on the compensation policy for Supervisory Board members;
17. Non-binding vote on compensation owed or granted to the Chairman of the Executive Board;
18. Non-binding vote on compensation owed or granted to the other Executive Board member;
19. Non-binding vote on compensation owed or granted to the Chairman of the Supervisory Board;
20. Authorization granted to the Executive Board to purchase the Company's shares.

Resolutions pertaining to the Extraordinary Meeting

21. Authorities to the Executive Board to reduce capital;
22. Delegation of power to the Executive Board to increase share capital through the issue of shares or securities giving access to the capital with preferential subscription rights maintained;
23. Delegation of power to the Executive Board to increase share capital through the issue of shares or securities giving access to the capital with preferential subscription rights canceled;
24. Delegation of power to the Executive Board to increase share capital through the issue of shares or securities giving access to the Company's capital with preferential subscription rights canceled, under a private placement as set forth in Article L. 411-2 II of the French Monetary and Financial Code;
25. Authorization for the Executive Board to set the issue price, using the method set forth by shareholders at their Annual Meeting, for shares or securities with preferential subscription rights canceled, up to a yearly limit of 10% of the Company's share capital;
26. Delegation of power to the Executive Board to increase the number of shares to be issued in the event of excess demand, with preferential subscription rights maintained or canceled;
27. Delegation of power to the Executive Board to increase capital in consideration for contributions of shares, either independently or through a public exchange offer, with preferential subscription rights canceled;
28. Delegation of power to the Executive Board to increase share capital through the capitalization of reserves, profits or premiums;
29. Maximum aggregate amount of capital increases;
30. Delegation of power to the Executive Board to increase share capital, with preferential subscription rights canceled, through the issue of shares or securities giving access to the capital reserved for members of the Group savings plan;
31. Authorization granted to the Executive Board to grant stock subscription and/or purchase options to corporate officers and employees, with preferential subscription rights canceled;
32. Authorization granted to the Executive Board to grant performance shares to corporate officers and employees, either existing or to be issued, with preferential subscription rights canceled for any shares to be issued.

Resolution pertaining to the Ordinary Meeting

33. Powers for legal formalities.

A. Resolutions pertaining to the Ordinary Meeting

First resolution

Approval of the 2016 parent company financial statements

The shareholders in General Meeting, voting under the quorum and majority required for Ordinary General Meetings of shareholders,

- having heard the management report of the Executive Board on the activity and situation of the Company in 2016 and the observations of the Supervisory Board,
- having heard the report of the Statutory Auditors on the parent company financial statements,

hereby approve the parent company financial statements for the fiscal year beginning on January 1, 2016 and ending on December 31, 2016, as presented by the Executive Board, with net income of €135,542,523.06 as well as the transactions presented in these statements or described in these reports.

Second resolution

Approval of the 2016 consolidated financial statements

The shareholders in General Meeting, voting under the quorum and majority required for Ordinary General Meetings of shareholders,

- having heard the management report of the Executive Board on the activity and situation of the Company in 2016 and the observations of the Supervisory Board,
- having heard the report of the Statutory Auditors on the consolidated financial statements,

hereby approve the consolidated financial statements for the fiscal year beginning on January 1, 2016, and ending on December 31, 2016, as presented by the Executive Board, with net income, Group share, of €-366,757 thousand as well as the transactions presented in these statements or described in these reports.

Third resolution

Net income allocation, dividend approval and payment

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, acting on the recommendation of the Executive Board, as approved by the Supervisory Board,

1. decide:
   - to allocate 2016 net income totaling €135,542,523.06

     plus retained earnings of €2,720,831,753.34

     comprising distributable income of €2,856,374,276.40

   in the following manner:
   - to shareholders, the amount of €110,667,090.65

     representing a net dividend of €2.35 per share
   - to other reserves, the amount of €0
   - to retained earnings, the remaining amount of €2,745,707,185.75;
2. decide that the ex-dividend date shall be May 23, 2017, and that the dividend shall be paid on May 26, 2017;
3. decide 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 subscription or purchase options before the ex-dividend date shall be deducted from retained earnings;
4. as a reminder, 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
2013	86,448,689	€1.85
2014	92,648,748	€2.00
2015	98,727,658	€2.15

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.

Fourth resolution

Approval of related-party agreements

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the special report of the Statutory Auditors on the agreements described in Articles L. 225-38 *et seq.* and L. 225-86 *et seq.* of the French Commercial Code, approve the agreements entered into during the fiscal year ended December 31, 2016 described in this report and submitted for shareholder approval.

Fifth resolution

Approval of the renewal of commitments made to the Chairman of the Executive Board in the event of the termination of his duties

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the special report of the Statutory Auditors on the agreements described in Articles L. 225-86 *et seq.* and L. 225-90-1 of the French Commercial Code, approve the renewal of commitments made to Frédéric Lemoine, Chairman of the Executive Board, in the event of the termination of his duties described in this report.

Sixth resolution

Approval of the renewal of commitments made to the other Executive Board member in the event of the termination of his duties

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the special report of the Statutory Auditors on the agreements described in Articles L. 225-86 *et seq.* and L. 225-90-1 of the French Commercial Code, approve the renewal of commitments made to Bernard Gautier, Executive Board member, in the event of the termination of his duties described in this report.

Seventh resolution

Renewal of the appointment of Laurent Burelle as a member of the Supervisory Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, hereby note that the term of Laurent Burelle as a member of the Supervisory Board expires at the end of this Shareholders' Meeting and renew this appointment for a four-year term expiring at the end of the Ordinary Shareholders' Meeting called in 2021 to approve the financial statements for the fiscal year ending December 31, 2020.

Eighth resolution

Renewal of the appointment of Bénédicte Coste as a member of the Supervisory Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, hereby note that the term of Bénédicte Coste as a member of the Supervisory Board expires at the end of this Shareholders' Meeting and renew this appointment for a four-year term expiring at the end of the Ordinary Shareholders' Meeting called in 2021 to approve the financial statements for the fiscal year ending December 31, 2020.

Ninth resolution

Renewal of the appointment of Priscilla de Moustier as a member of the Supervisory Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, hereby note that the term of Priscilla de Moustier as a member of the Supervisory Board expires at the end of this Shareholders' Meeting and renew this appointment for a four-year term expiring at the end of the Ordinary Shareholders' Meeting called in 2021 to approve the financial statements for the fiscal year ending December 31, 2020.

Tenth resolution

Renewal of the appointment of Édouard de L'Espée as a member of the Supervisory Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, hereby note that the term of Édouard de L'Espée as a member of the Supervisory Board expires at the end of this Shareholders' Meeting and renew this appointment for a four-year term expiring at the end of the Ordinary Shareholders' Meeting called in 2021 to approve the financial statements for the fiscal year ending December 31, 2020.

Eleventh resolution

Appointment of Nicholas Ferguson as a member of the Supervisory Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, decide to appoint Nicholas Ferguson as a member of the Supervisory Board for a four-year term starting at the end of this Shareholders' Meeting and expiring at the end of the Ordinary Shareholders' Meeting called in 2021 to approve the financial statements for the fiscal year ending December 31, 2020.

Twelfth resolution

Appointment of Nicholas ver Hulst as a member of the Supervisory Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, decide to appoint Nicholas ver Hulst as a member of the Supervisory Board for a four-year term starting on July 1, 2017 and expiring at the end of the Ordinary Shareholders' Meeting called in 2021 to approve the financial statements for the fiscal year ending December 31, 2020.

Thirteenth resolution

Setting of the amount of directors' fees allocated to the Supervisory Board

The Shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, set the maximum total annual amount of directors' fees allocated to the Supervisory Board at €900,000 as of this date.

Fourteenth resolution

Vote on the compensation policy for the Chairman of the Executive Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the report of the Supervisory Board Chairman on the compensation policy for Executive Board members, prepared in accordance with Article L. 225-82-2 of the French Commercial Code, approve the compensation policy for the Chairman of the Executive Board as described in this report (section 2.1.7.1 of the 2016 registration document).

Fifteenth resolution

Vote on the compensation policy for the other Executive Board member

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the report of the Supervisory Board Chairman on the compensation policy for Executive Board members, prepared in accordance with Article L. 225-82-2 of the French Commercial Code, approve the compensation policy for the other Executive Board member as described in this report (section 2.1.7.1 of the 2016 registration document).

Sixteenth resolution

Vote on the compensation policy for Supervisory Board members

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the report of the Supervisory Board Chairman on the compensation policy for Supervisory Board members, prepared in accordance with Article L. 225-82-2 of the French Commercial Code, approve the compensation policy for Supervisory Board members as described in this report (section 2.1.7.2 of the 2016 registration document).

Seventeenth resolution

Non-binding vote on compensation owed or granted to Executive Board Chairman Frédéric Lemoine

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the report of the Executive Board, vote in favor of the compensation owed or granted to Executive Board Chairman Frédéric Lemoine for the fiscal year ended December 31, 2016, as detailed in the Executive Board's report on the Meeting resolutions (section 8.10.2 of the 2016 registration document).

Eighteenth resolution

Non-binding vote on compensation owed or granted to Executive Board member Bernard Gautier

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the report of the Executive Board, vote in favor of the compensation owed or granted to Executive Board member Bernard Gautier for the fiscal year ended December 31, 2016, as detailed in the Executive Board's report on the Meeting resolutions (section 8.10.2 of the 2016 registration document).

Nineteenth resolution

Non-binding vote on compensation owed or granted to François de Wendel, Chairman of the Supervisory Board

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, having heard the report of the Executive Board, vote in favor of the compensation owed or granted to Supervisory Board Chairman François de Wendel for the fiscal year ended December 31, 2016, as detailed in the Executive Board's report on the Meeting resolutions (section 8.10.2 of the 2016 registration document).

Twentieth resolution

Authorization granted to the Executive Board to purchase the Company's shares at a maximum price of €200

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, acting on the recommendation of the Executive Board approved by the Supervisory Board, in application of Article 15-V b) of the by-laws,

- having heard the report of the Executive Board,
- and pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code, the General Regulation of the Autorité des marchés financiers, and European Commission regulation no. 2273/2003,

1. authorize the Executive Board, with the power of sub-delegation as provided for by law, to buy back shares in the Company within the following limits:
   - the number of shares purchased by the Company during the buyback program shall not exceed 10% of the number of shares comprising the Company's share capital, at any time, with this percentage applying to capital adjusted for transactions that may impact it subsequent to this Shareholders' Meeting, or (on an indicative basis), 4,709,237 shares as of December 31, 2016;
   - 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. decide that the Company's shares, within the limits defined above, may be purchased for the following purposes:
   - to deliver 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 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 enable an investment service provider to make a secondary market in the Company's stock or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the Code of Conduct of the Autorité des Marches Financiers;
   - 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 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. 3321-1 *et seq.* and L. 3331-1 *et seq.* of the French Labor Code;
   - to cancel all or part of the shares purchased, subject to prior authorization of the Supervisory Board;

   this program shall also allow the Company to pursue any other purpose that has been or shall be authorized by legislation or regulations in force. In such an event, the Company shall inform its shareholders by issuing a press release;
3. decide that the acquisition, sale or transfer of shares may, subject to applicable legal and regulatory restrictions, be made at any time and by any means, on the stock market or through private transactions, including the acquisition or sale of blocks of shares (without limiting the portion of the buyback program that may be conducted in this way), through public offers to purchase, sell or exchange shares, or through the use of options or other derivatives traded in a regulated stock market or in private transactions, or by the delivery of shares subsequent to the issue of securities giving access to the Company's capital by conversion, exchange, reimbursement, exercise of warrants or otherwise, either directly or indirectly through an investment service provider;
4. set the maximum purchase price at €200 per share, representing, on an indicative basis, a total maximum share buyback amount of €941,847,400, based on 4,709,237 shares and corresponding to 10% of the capital as of December 31, 2016, and give full power to the Executive Board to adjust this purchase price, in the event of transactions on the Company's capital, to take into account the impact of these transactions on the value of the shares;
5. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
6. give full power to the Executive Board to decide and apply 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, 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. decide that this authorization, which cancels and replaces any previous authorizations of the same nature, for any unused amounts, shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

B. Resolutions pertaining to the Extraordinary Meeting

Twenty-first resolution

Authorization granted to the Executive Board to reduce share capital through the cancellation of shares for up to 10% of capital in a 24-month period

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors,
- and pursuant to Articles L. 225-209 *et seq.* of the French Commercial Code,

1. authorize the Executive Board, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, to cancel, on one or more occasions, at its own initiative, all or part of the treasury shares held by the Company, up to a maximum of 10% of the capital in a 24-month period from the date of this Shareholders' Meeting;
2. authorize the Executive Board to reduce the share capital accordingly, deducting the difference between the purchase price of the canceled shares and their par value from the available premium and reserve accounts of its choice;
3. give full power to the Executive Board, with the power of sub-delegation, to amend the by-laws accordingly, carry out all acts, formalities and declarations and, generally, take the action required to apply this authorization;
4. decide 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-second resolution

Delegation of power to the Executive Board to increase share capital, with preferential subscription rights maintained, for a maximum par value of €75 million

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors,
- and pursuant to Articles L. 225-129-2, L. 225-129-4, L. 225-129-5, L. 225-132, and L. 225-134 and Articles L. 228-91 to L. 228-93 of the French Commercial Code,

1. delegate 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 b) of the by-laws, the power 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, and that these issues may be subscribed either in cash, or by offsetting uncontested and liquid debts payable by the Company;
2. decide that the par value of any capital increases carried out immediately or at a later date under this authorization shall not exceed €75 million or its equivalent at the issue date in the event of an issue in another currency or in a monetary unit established by reference to a number of currencies, it being specified that this amount shall be included in the maximum aggregate par value set in paragraph 1 of the twenty-ninth resolution of this Shareholders' Meeting;
3. decide that to these amounts shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
4. decide 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;
   - take 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,
   - take 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;

5. take note and decide, where necessary, that this authorization 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, the waiver by the shareholders of their preferential subscription rights to the new shares to which these securities give access;
6. decide 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;
7. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
8. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular 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; 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; modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities,
   - 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;
9. decide 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 14 months from the date of this Shareholders' Meeting.

Twenty-third resolution

Delegation of power to the Executive Board to increase share capital, with preferential subscription rights canceled but with the possibility of granting a priority period for shareholders, for a maximum par value of €18 million

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors,
- and pursuant to the provisions of Articles L. 225-129-2, L. 225-129-4, L. 225-129-5, L. 225-134, L. 225-135, L. 225-136, L. 228-91 to L. 228-93 of the French Commercial Code,

1. delegate 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 b) of the by-laws, the power 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, and that these issues may be subscribed either in cash or by offsetting uncontested and liquid debts payable by the Company;

2. delegate 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 b) of the by-laws, the power 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. decide that the par value of any capital increases carried out immediately or at a later date under this authorization shall not exceed €18 million or its equivalent at the issue date in the event of an issue in another currency or in a monetary unit established by reference to a number of currencies, it being specified that this amount shall be included in the maximum aggregate par value set in paragraph 1 of the twenty-ninth resolution of this Shareholders' Meeting;
4. decide that to this amount shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
5. decide to cancel the preferential subscription rights of shareholders to securities issued under this authorization, 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. decide 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. take note and decide, where necessary, that this authorization 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 in which the Company directly or indirectly holds more than half of the share capital, the waiver by the shareholders of their preferential subscription rights to the new shares to which these securities give access;
8. take 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 three trading days prior to the date on which the share subscription price is set, discounted by 5%),
   - 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. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
10. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:
    - decide to carry out the issues and set all terms and conditions, notably: 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, the date from which ownership rights on them shall take effect, including a retroactive date, and the method of payment; 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; if applicable, these securities may be accompanied by warrants giving access to the allocation, acquisition or subscription of bonds or other securities representing debt; modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities,
    - 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. decide 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 14 months from the date of this Shareholders' Meeting.

Twenty-fourth resolution

Delegation of power to the Executive Board to increase share capital through the issue of shares or securities giving access to the Company's capital with preferential subscription rights canceled, under a private placement as set forth in Article L. 411-2 II of the French Monetary and Financial Code

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors,
- and pursuant to the provisions Articles L. 225-129-2, L. 225-129-4, L. 225-129-5, L. 225-134, L. 225-135 to L. 225-136 and L. 228-91 to L. 228-93 of the French Commercial Code and part II of Article L. 411-2 of the French Monetary and Financial Code,

1. delegate 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 b) of the by-laws, the power to issue, as part of offerings allowed under Article L. 411-2, paragraph II, of the French Monetary and Financial Code and within the limits set by law and regulations, 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, 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 of the Company or of one of the companies described in Article L. 228-93 of the French Commercial Code or giving entitlement 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, and that these issues may be subscribed either in cash or by offsetting uncontested and liquid debts payable by the Company;
2. decide that the par value 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, and shall be included in the maximum aggregate par value set in paragraph 3 of the twenty-third resolution of this Shareholders' Meeting;
3. decide that to this amount shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
4. decide to cancel the shareholders' preferential subscription right to shares or securities issued by virtue of this resolution;
5. decide 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. take note and decide, where necessary, that this authorization 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. take 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 three trading days prior to the date on which the share subscription price is set, discounted by 5%),
   - 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. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
9. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:
   - decide to carry out the issues and set all terms and conditions, notably: 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, the date from which ownership rights on them shall take effect, including a retroactive date, and the method of payment; 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,

- establish the list of parties that can purchase shares under the issue,
- 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; if applicable, these securities may be accompanied by warrants giving access to the allocation, acquisition or subscription of bonds or other securities representing debt; modify, during the life of the securities concerned, the terms and conditions referred to above, in compliance with the applicable formalities,
- 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;

10. decide 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 14 months from the date of this Shareholders' Meeting.

Twenty-fifth resolution

Authorization for the Executive Board to set the issue price, using the method set forth at the Annual Shareholders' Meeting, for shares or securities, with preferential subscription rights canceled, through a private placement or public offering, up to a yearly limit of 10% of the Company's share capital

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board and the special report of the Statutory Auditors,
- and pursuant to the provisions of Article L. 225-136 of the French Commercial Code,

1. authorize 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 b) of the by-laws, in the event of the issue, for consideration or otherwise, of shares in 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 of the Company or a company meeting the criteria in Article L. 228-93 of the French Commercial Code, or giving the right to be granted debt securities, without preferential subscription rights, under the conditions (notably in terms of amounts) set forth in the twenty-third and twenty-fourth resolutions of this Shareholders' Meeting, to depart from the price-setting method set forth in those resolutions and 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 5% 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. decide that the par value 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, and shall be included in the maximum aggregate par value set in paragraph 3 of the twenty-third resolution of this Shareholders' Meeting;
3. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
4. decide 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 14 months from the date of this Shareholders' Meeting.

Twenty-sixth resolution

Delegation of power to the Executive Board to increase the number of shares to be issued in the event of excess demand, by up to 15% of the initial issue, with preferential subscription rights maintained or canceled

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard 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. delegate 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 b) 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 twenty-second, twenty-third, twenty-fourth, and twenty-fifth resolutions of this Shareholders' Meeting, in the event of excess demand, the power 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. decide that the par value of any capital increases carried out shall be included in the maximum aggregate par value set in paragraph 1 of the twenty-ninth resolution of this Shareholders' Meeting;
3. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
4. decide that this authorization shall be valid for a period of 14 months from the date of this Shareholders' Meeting.

Twenty-seventh resolution

Delegation of power to the Executive Board to increase share capital, in consideration for contributions of shares, either independently or through a public exchange offer, of up to €18 million, with preferential subscription rights canceled

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard 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, L. 225-148, and L. 228-91 *et seq.* of the French Commercial Code,

1. delegate 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 b) of the by-laws, the power 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. delegate 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 b) of the by-laws, the power 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, for up to €18 million or its equivalent at the issue date in the event of an issue in another currency or in a monetary unit established by reference to a number of currencies;
3. decide that the maximum par value of any capital increases carried out under this authorization cannot exceed €18 million, and shall be included in the maximum aggregate par value set in paragraph 3 of the twenty-third resolution of this Shareholders' Meeting;
4. decide to cancel, in favor of the holders of the shares tendered, the preferential subscription rights of shareholders to the shares and securities issued in consideration for the contributions in kind;
5. decide that to this amount shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
6. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
7. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular 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 tendered 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 authorization and amend the by-laws accordingly,
- and, generally, take all appropriate steps and enter into any agreements to successfully achieve the planned issues;

8. decide 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 14 months from the date of this Shareholders' Meeting.

Twenty-eighth resolution

Delegation of power to the Executive Board to increase share capital through the capitalization of reserves, profits or premiums, by up to €80 million

The shareholders in General Meeting, voting under the quorum and majority required for Ordinary General Meetings of shareholders,

- having heard the report of the Executive Board,
- and pursuant to Articles L. 225-129-2, L. 225-129-4, and L. 225-130 of the French Commercial Code,

1. delegate 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 b) of the by-laws, the power to increase share capital, on one or more occasions, in the proportions and at the times that it shall determine, up to a maximum par value of €80 million, through the successive or simultaneous capitalization of all or part of the reserves, profits or premiums (from issues, mergers or contributions) or other amounts, realized by the issue and allocation of bonus shares, by an increase in the par value of shares or by the joint use of both these methods;
2. decide that the par value of any capital increases carried out immediately or at a later date under this authorization shall be included in the maximum aggregate par value set in paragraph 1 of the twenty-ninth resolution of this Shareholders' Meeting;
3. decide, 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. decide that the Executive Board shall not, without the prior authorization of shareholders, use this delegation of power from the date of filing by a third party of a public offering for the Company's securities until the end of the offering period;
5. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular 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 authorization and amend the by-laws accordingly,
   - and, generally, take all appropriate steps and enter into any agreements to successfully achieve the planned transactions;
6. decide 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 14 months from the date of this Shareholders' Meeting.

Twenty-ninth resolution

Maximum aggregate amount of capital increases

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard 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. decide to set at €190 million the maximum aggregate par value of capital increases that may be carried out by virtue of the delegations of power to the Executive Board resulting from the twenty-second, twenty-third, twenty-sixth, and twenty-eighth resolutions of this Shareholders' Meeting;
2. decide that to this amount shall be added, if applicable, the par value of additional shares to be issued to protect the rights of holders of securities giving access to the Company's share capital;
3. decide 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 14 months from the date of this Shareholders' Meeting.

Thirtieth resolution

Delegation of power to the Executive Board to increase share capital, with preferential subscription rights canceled, through the issue of shares or securities giving access to the capital, reserved for members of the Group savings plan, up to a maximum par value of €150,000

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board,
- having heard the special report of the Statutory Auditors,
- and pursuant to Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3332-1 *et seq.* of the French Labor Code,

1. delegate 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 b) of the by-laws, the power to increase 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. decide to set at €150,000 the maximum aggregate par value of capital increases that may be carried out by virtue of this resolution;
3. decide 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 resolution;
4. decide 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 20 trading days prior to the date of the decision setting the opening date of the subscription, nor more than 20% lower than this average;
5. authorize 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 capital that must be subscribed for 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, it being understood 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. give full power to the Executive Board, with the power of sub-delegation as provided for by law, to implement this authorization, in particular to:
   - determine the companies or corporate groups whose employees may subscribe or receive the shares or securities allocated by virtue of this resolution,
   - decide 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,
   - determine the amount to be issued or sold, set the issue price in accordance with the terms and limits set by the legislation in force, the terms of payment, set the dates, terms and conditions of the issues to be carried out under this authorization,
   - set the date from which ownership rights on the new shares shall take effect, set 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 of bonus shares or securities giving access to the capital, set the number of the shares or securities giving access to capital to be issued, the number to be allocated to each beneficiary, and set the dates, time periods, terms and conditions of the allocation of these shares or securities giving access to the capital within the legal and regulatory limits in force and, notably, choose to allocate these shares or securities giving access to the 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,
- 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 transactions;

7. decide 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 14 months from the date of this Shareholders' Meeting.

Thirty-first resolution

Authorization granted to the Executive Board to grant stock subscription options to corporate officers and employees, with preferential subscription rights canceled, and/or stock purchase options, up to a total maximum of 1% of the share capital, with up to 36% of this maximum amount available to Executive Board members, and with the 1% total maximum being a common ceiling for this resolution and the thirty-second resolution

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board,
- having heard the special report of the Statutory Auditors,
- and pursuant to Articles L. 225-177 *et seq.* of the French Commercial Code,

1. authorize 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 b) of the by-laws, and/or stock purchase options in the Company, in favor of individuals it shall designate – or cause to be designated – from among the 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. decide that the number of shares available to be acquired 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 performance shares awarded under the thirty-second resolution of this Shareholders' Meeting shall be deducted from this common ceiling;
3. decide that the total number of shares available to be acquired or subscribed by Executive Board members through the exercise of options granted under this authorization plus the total number of performance shares available for granting to Executive Board members under the thirty-second resolution cannot exceed 36% of the common ceiling mentioned in point 2 above;
4. decide that the Executive Board may amend its initial choice between stock subscription or stock purchase options, before the start of the period during which options may be exercised; should the Executive Board amend its choice to stock subscription options, it must obtain the prior approval of the Supervisory Board, in application of Article 15-V b) of the by-laws;
5. decide that this authorization shall entail, in favor of the beneficiaries of stock subscription options, the express waiver by the shareholders of their preferential subscription rights to the shares issued as a result of the exercise of these options;
6. take note 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 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. decide 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, in accordance with legal and regulatory provisions in force;
8. give full power to the Executive Board to implement this authorization, in particular to:
   - set the terms and conditions by which the options shall be granted and draw up the list or categories of option beneficiaries,
   - determine the dates of each allocation,
   - determine 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 20 trading days prior to the date of the price-setting,

- take 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,
- set 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 years from their grant date and (ii), if applicable, individual and/or collective performance conditions for employees,
- provide for the possibility to temporarily suspend the exercise of options in accordance with legal and regulatory provisions for a maximum of three months in the event that financial transactions are carried out involving the exercise of rights attached to the shares,
- record, if appropriate, at its first meeting after the end of each fiscal year, the number and total value of the shares issued during the year as a result of the exercise of options,
- 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 transactions;

9. decide 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 14 months from the date of this Shareholders' Meeting.

Thirty-second resolution

Authorization to the Executive Board to grant performance shares to corporate officers and employees, with preferential subscription rights canceled, up to a limit of 0.3333% of share capital, with this amount being included in the common ceiling of 1% set in the thirty-first resolution, and with up to 36% of the common ceiling being available to Executive Board members

The shareholders, voting under the quorum and majority required for Extraordinary Shareholders' Meetings,

- having heard the report of the Executive Board,
- having heard the special report of the Statutory Auditors,
- and pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code,

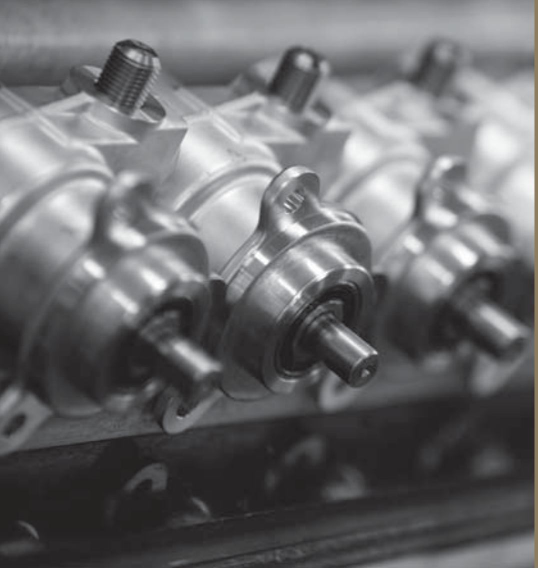
1. authorize the Executive Board to grant, on one or more occasions, existing performance shares or, subject to the prior approval of the Supervisory Board in application of Article 15-V b) of the by-laws, performance shares to be issued, in favor of employees or corporate officers of the Company described 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 225-197-2 of the French Commercial Code;
2. decide that the total number of performance shares, whether existing or to be issued, that may be granted under this authorization shall not exceed 0.3333% of the existing share capital on the date the shares are granted, it being specified that the number of performance shares granted shall be deducted from the maximum number of shares that may be issued by virtue of the thirty-first resolution of this Shareholders' Meeting, set at 1% of the capital;
3. decide that the total number of performance shares available for granting to Executive Board members plus the total number of shares available for acquisition or subscription by Executive Board members through the exercise of options granted under this resolution cannot exceed 36% of the common ceiling set in the thirty-first resolution;
4. decide that the performance shares granted to beneficiaries may vest at the end of a minimum vesting period of one year, and that the combined vesting period and lock-up period shall be at least two years;
5. take note that in the event that performance shares are awarded to corporate officers, the Supervisory Board shall subject the grant and/or vesting of shares to certain conditions, in particular 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;
7. authorize the Executive Board to adjust the number of shares, if applicable, during the vesting period, as a result of transactions affecting the Company's share capital, so as to protect the rights of the beneficiaries;
8. take note that in the case of performance 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 through the capitalization of reserves, profits or premiums;

9. give full power to the Executive Board to implement this authorization, in particular to:
   - establish the list of beneficiaries of performance shares or define the category or categories of beneficiaries to receive performance shares as well as the number of shares to be awarded to each,
   - adjust, if applicable, the number of performance shares 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,
   - set the conditions and criteria for the share grants, in the event of the issue of new shares,
   - charge, if applicable, the amounts required for the full payment of shares against reserves, profits or share premiums,
   - 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 transactions;
10. decide 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 14 months from the date of this Shareholders' Meeting.

Thirty-third resolution

Powers for legal formalities

The shareholders, voting under the quorum and majority required for Ordinary Shareholders' Meetings, hereby give 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.



9

SUPPLEMENTAL INFORMATION

9.1 Principal contracts

Shareholder and Corporate governance agreements are described in section 7.9 of this 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.

9.2 Transactions with related parties

Information on related parties can be found in the notes to the consolidated statements of this registration document.

The "regulated" 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 related party agreements and commitments in section 8.1 "Shareholders' Meeting", of this registration document.

There are no industrial, commercial or management agreements between Wendel and its subsidiaries or associates. Wendel provides certain of them with advice and assistance regarding strategic, legal, tax, financial and accounting matters. These services are billed on an arm's length basis by reference to actual costs if identifiable or at flat rates.

Wendel billed the following amounts over the three previous fiscal years:

Excluding VAT *(in thousands of euros)*	**2016**	**2015**	**2014**
Eufor	0	800	900
Winvest Conseil	11,700	8,800	8,800
Trief Corporation	400	0	0
Wendel-Participations	13	13	13
Other subsidiaries	57	64	66

Wendel-Participations made a lease payment of €43,733 in 2016, mentioned in the Statutory Auditor's special report on related-party agreements and commitments.

9.3 Significant changes in financial condition or business status

To the best of the Company's knowledge, since December 31, 2016, there have been no exceptional events that might have a significant impact on the financial condition, business, earnings or assets of the Company or the Group, other than the following:

- The events described in note 37 to the 2016 consolidated financial statements given in this registration document, and in particular note 37.1 outlining the investment in Tsebo;
- An agreement entered into by Stahl to acquire the leather chemical business of BASF. This agreement is described in section 1.7.4 of the registration document.

9.4 Expenses described in Articles 39-4 and 223 quater of the French Tax Code

The expenses described in 39-4 and 223 *quater* of the French Tax Code amounted to €19,340 for Wendel in 2016.

9.5 Person responsible for financial information

Jérôme Michiels, Chief Financial Officer

Tel: +33 1 42 85 30 00

E-mail: j.michiels@wendelgroup.com

9.6 Person responsible for the registration document including the annual financial report

I hereby certify, having taken all reasonable measures in this regard, that the information contained in this 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 index appears in section 9.10) 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.

I have obtained a statement from the Company's Statutory Auditors, wherein they indicate that they have verified the information regarding the financial position and financial statements included in the registration document and that they have read the entire registration document.

Paris, April 11, 2017

Frédéric Lemoine

Chairman of the Executive Board

9.7 Persons responsible for the audit of the financial statements and their fees

9.7.1 Statutory Auditors

Ernst & Young Audit represented by Jean Bouquet

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: Combined Shareholders' Meeting of May 28, 2013.

Term of office: six years.

Current term of office ends: Shareholders' Meeting convened to approve the financial statements for fiscal year 2018.

PricewaterhouseCoopers Audit represented by Françoise Garnier

Member of the Compagnie régionale des Commissaires aux comptes de Versailles.

63, rue de Villiers – 92208 Neuilly-sur-Seine, France

Date appointed to first term: Combined Shareholders' Meeting of November 24, 1994 (formerly named Befec-Mulquin et Associés, and Befec-Price Waterhouse).

Appointment last renewed: Combined Shareholders' Meeting of May 28, 2013.

Term of office: six years.

Current term of office ends: Shareholders' Meeting convened to approve the financial statements for fiscal year 2018.

9.7.2 Fees paid 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 2016 consolidated financial statements in this registration document.

9.8 Cross-reference index for the registration document

To facilitate the reading of this annual report, filed as the registration document, the following cross-reference index identifies the principal categories of information required under Appendix 1 of European Regulation 809/2004 and indicates the corresponding pages of this document.

Categories of Appendix 1 to European regulation 809/2004

9.9 Cross-reference index for the annual financial report

This registration document includes all the items of the annual financial report mentioned in Article L. 451-1-2, paragraph I, of the French Monetary and Financial Code as well as in Article 222-3 of the General Regulation of the AMF.

The following table shows the sections of the registration document corresponding to the various chapters of the annual financial report.

9.10 Cross-reference index for the management report required under Articles L. 225-100 et seq. of the French Commercial Code

Management report required by the French Commercial Code		**Pages**
29.	Amount of dividends and other distributed income paid in the three previous fiscal years	14, 71, 352, 401
30.	Factors likely to have an impact in the event of a takeover offer	376
Other information		
31.	Expenses described in Articles 39-4 and 223 *quater* of the French Tax Code	419
32.	Five-year financial summary	352
33.	Injunctions or financial penalties for anti-competitive practices	N/A
34.	Information on stock subscription options awarded to corporate officers and employees	114 to 116, 322, 323
35.	Information on the granting of bonus shares to corporate officers and employees	117, 118, 322, 323
36.	Summary of valid authorizations to increase capital and their use during the fiscal year	365, 366
37.	Supervisory Board Chairman's report on the conditions under which the work of the Supervisory Board was prepared and organized and of the internal control procedures in place within the Company	78 to 107, 132 to 138

9.11 Sustainable development cross-reference index (Articles L. 225-102-1 and R. 225-14 et seq. of the French Commercial Code)

Corporate social information	Registration document page
Employment	
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Organization of work	
organization of working time	146
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Social relations	
organization of labor-management dialogue, especially procedures used to inform, consult and negotiate with staff	146
summary of collective agreements	146
Health and Safety	
health and safety conditions at work	146
summary of agreements signed with trade unions or employee representatives regarding workplace health and safety	146
workplace accidents, especially accident and severity rates, as well as occupational illnesses	146
Training	
training policies implemented	146
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Equal treatment	
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measures taken to promote the employment and inclusion of people with disabilities	146
non-discrimination policy	146
Promotion and application of the provisions of the International Labor Organization's fundamental conventions on:	
■ protecting the freedom of association and the right to collective bargaining	146
■ eliminating discrimination in employment and occupation	146
■ eliminating forced labor	146
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resources devoted to preventing environmental risks and pollution	Not applicable*
the amount of provisions and guarantees to cover environmental risks, provided that this information is not likely to cause serious harm to the Company's position in an existing dispute	Not applicable*
Pollution and waste management	
measures to prevent, reduce or offset emissions into the air, water and soil that seriously impact the environment	Not applicable*
measures to prevent, recycle and eliminate waste	149
consideration of noise and all other forms of pollution specific to a business activity	Not applicable*
Sustainable use of resources	
water consumption and supply based on local constraints	Not applicable*
consumption of raw materials and measures taken to use them more efficiently	Not applicable*
consumption of energy, measures taken to improve energy efficiency, and use of renewable energy	149
land use	Not applicable*
Climate change	
greenhouse gas emissions	149
measures taken to adapt to the effects of climate change	Not applicable*
protection of biodiversity	
measures taken to protect or enhance biodiversity	Not applicable*

* *Not applicable to Wendel: because of the nature of Wendel's business activities, collecting this type of data is not relevant.*

Information on commitments to promote sustainable development	Registration document page
Regional, economic and social impact of the Company's business activities	
on employment and regional development	Not applicable*
on neighboring or local populations	Not applicable*
Relations with individuals or organizations with an interest in the Company's business activities, such as organizations promoting inclusion, schools, environmental protection organizations, consumer groups and neighboring populations	
dialogue with these individuals or organizations	150
partnership or sponsorship initiatives	150
Subcontractors and suppliers	
integration of social and environmental issues in purchasing policies	Not applicable*
degree of subcontracting and consideration, in dealing with suppliers and subcontractors, of their social and environmental responsibilities	Not applicable*
Fair business practices	
initiatives taken to prevent corruption	144
measures taken to promote the health and safety of consumers	Not applicable*
Other initiatives taken to promote human rights	146

* *Not applicable to Wendel: because of the nature of Wendel's business activities, collecting this type of data is not relevant.*

The original French version of this report was registered with the French stock exchange authorities (Autorité des marchés financiers, or AMF) on April 11, 2017 under number D. 17-0376, pursuant to Article 212-13 of the AMF General Regulation. Only the original French version can be used to support a financial transaction, provided it is accompanied by a prospectus (*note d'opération*) duly certified by the AMF. This document was produced by the issuer, and the signatories to it are responsible for its contents.

9.12 Glossary

Financial glossary

The definitions below are specific to the Wendel Group's activity.

Term	Definition
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.
Exercisable voting rights	Real number of voting rights excluding shares without voting rights (treasury shares).
Gross debt	The company's total financial debt.
Internal Rate of Return on equity	The IRR measures the profitability of capital invested by shareholders in a project.
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 ratings.
Loan-to-Value Ratio	Ratio of Wendel's net debt to gross assets excluding cash and cash equivalents.
NAV	See Net Asset Value.
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.
Net debt	Gross financial debt minus available cash and cash equivalents.
Net income from business sectors	Net income from business sectors 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.
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, 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 called a discount; when it is positive, it is called a premium.
Theoretical voting rights	Total number of voting rights.
Total Shareholder Return	Total Shareholder Return is the rate of return on one share for 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 is a policy of transferring part of the economic power, introduced by the South African government.
Crusty bread *Mecatherm*	Type of crusty baked goods (ex: baguette).
CSR	Corporate Social Responsibility.
Desiccant plastic *CSP Technologies*	Plastic with physical properties (molecular sieve) that allow the containers it forms to maintain a constant level of humidity.
ETI *Saint-Gobain and Cromology*	External thermal insulation.
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.
Leather finish *Stahl*	Process to enhance the leather softness, improve aesthetics, neutralize odors and create, if required, a non-slippery type surface.
Lease Up Rate *IHS*	See Tower colocation rate.
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.
QHSE	Quality, Health, Safety, Environment.
REACH	REACH is a European Union regulation adopted to better protect human health and the environment against risks related to chemical substances.
Six-Sigma Quality	Standard of quality with the goal of ensuring very high statistical reliability.
Soft & Pastry *Mecatherm*	Varity of non-crusty baked goods (buns, soft breads, etc.) and pastries (brioches, viennoiseries, etc.).
Tower colocation rate *IHS*	In the telecom tower industry, the average number of lessees or locations leased by operators on a telecom tower.
Trochoidal pump *NOP*	Hydraulic pump also called an internal gear pump, rotor type. These pumps are widely used for lubrication of machine tool motors.
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.
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).

The English language version of this text is a free translation from the original, which was prepared in French.
All possible care has been taken to ensure that the translation is an accurate representation of the original.
However in all matters of interpretation of information, views or opinion,
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