

Registration document 2012
including the annual financial report


W E N D E L



“Investing for the long term
is a rewarding enterprise”

CORPORATE SOCIAL RESPONSIBILITY

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3.1 Corporate social responsibility (CSR) in Wendel's activities

"Sustainable development drives growth for companies."⁽¹⁾ Frederic Lemoine, Chairman of the Executive Board of Wendel, firmly supports this view, adding that "a company's longevity depends on the balance between its business model, its markets, the well-being of its people, and its place in the environment." Through its long-term action, Wendel

encourages its companies to implement corporate social responsibility (CSR) 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 integrate ESG (environmental, social and governance) issues in their risk management and growth strategies.

In 2009, Wendel signed the charter of the French association of private equity firms (AFIC). This public commitment mainly consists in a set of measures to promote sustainable development. Wendel will closely follow the work of the ESG-Sustainable Development Committee recently created by AFIC in February 2013.

The sustainable development department established by Wendel in 2011 coordinates initiatives in this area. Guided by a steering committee appointed by the Wendel Executive Board in 2012, it meets several times a year. Its members represent the company's different business and support divisions: the Investment Committee, the Finance department, the Legal department, the Communications department and the Operational Resources (human resources, IT and facilities management) department.

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

- At the time of acquisition:

When Wendel considers a new investment, it carries out due diligence on environmental and social issues as part of its analysis of the risks related to the business of the target company.

- 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 that are designed or distributed.

- Wendel's management is particularly attentive to indicators of workplace safety because it considers them to be an excellent proxy for how well the management team runs the company. For example, at Materis, the accident rate is a factor in determining its management's variable compensation. At Wendel's request, Stahl's Board of Directors has also been tracking this indicator since 2006, when Stahl joined the Wendel Group.

- 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. Parcours encourages its customers to go green by including special features in its long-term leasing services, such as eco-driving training for its customers. Eighty percent of Stahl's products are now solvent-free. Materis 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. Nearly 70% of Legrand's R&D departments contribute to expanding its offering of green-designed products featuring reduced environmental impact. A large share of Saint-Gobain's sales comes from solutions that protect the environment by saving energy or producing clean energy.

(1) "L'ENA hors les murs", November 2012, no. 426.

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 1.11 "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 ESR indicators to the extent that these figures would have no operational meaning.

Significant aspects of the sustainable development policies of Bureau Veritas, Materis, Stahl, Mecatherm and Parcours, the companies in which Wendel is the majority shareholder, are presented in section 3.2 "Corporate social responsibility at Group companies".

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 Wendel to prevent market

abuse. The main obligations contained in this Code are described in section 2.1.6 of this Registration Document. The Supervisory Board's internal regulations specify the rights, responsibilities and powers of Supervisory Board members (see section 2.1.6).

Every year, Wendel also surveys the general internal control principles implemented at 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.

3.1.2 Implementing a CSR strategy adapted to a small investment team

Wendel's human resources policy

Small, experienced and diversified workforce

Wendel seeks to hire and develop excellent employees, for whom it creates the best possible working environment.

As of December 31, 2012, Wendel and its holding companies employed a total of 76 people.

Half of Wendel's 66 employees in France are directly involved in investing activities. In addition to an investment team of about 20 people and the senior management team, 10 experts specializing in finance, law, taxation and communication are involved in investment transactions on a day-to-day basis. They collaborate with teams outside France to promote the Group's international expansion.

The remaining staff support the Finance, Legal, Financial Communications, Communications & Sustainable Development and Operational Resources departments.

Wendel operates in the Netherlands, Luxembourg, Germany and Japan, where its activities are mainly those of a holding company supporting Group companies as they expand in Europe and Asia. Its oldest offices are in the Netherlands (since 1908) and Luxembourg (since 1931). Since 2007, Wendel also has operations in Germany (Frankfurt) and Japan (Tokyo). To support its international development in North America, Europe and emerging markets, Wendel plans to increase the number of its employees outside of France in 2013 (ten as of December 31, 2012), either by recruiting locally or transferring employees from France. In particular, it will open offices in the United States (New York) and Singapore.

Employees with an employment contract*: staff numbers and changes	12/31/2012			12/31/2011			12/31/2010		
	Non-management	Management	Total	Non-management	Management	Total	Non-management	Management	Total
Total workforce	15	51	66	16	48	64	16	48	64
<i>of which Women</i>	9	23	32	10	19	29	10	19	29
<i>Men</i>	6	28	34	6	29	35	6	29	35
New hires	0	7***	7***	1	3	4		3**	3**
<i>of which Women</i>	-	5	5	1	2	3		1	1
<i>Men</i>	-	2	2		1	1		2**	2**
Departures	1***	4	5***	1	3	4	2	3	5
<i>of which Women</i>	1	1	2	1	2	3	1		1
<i>Men</i>	-	3	3		1	1	1	3	4

* Employees in France with permanent contracts.

** Wendel changed one employee's fixed-term contract into a permanent contract during the course of the year.

*** Including one change in employee category.

In 2012, 45% of management-level employees were women (i.e. 23 women).

Although Wendel does not employ any disabled employees, it has supply contracts with work centers that do. The mandatory contribution paid to AGEFIPH, an organization that promotes the employment of people with disabilities, was about €10.6 thousand in 2012.

Training and professional development

Developing the employability of its staff is one of Wendel's priorities.

Wendel offers its employees customized training to ensure that they always have the skill level required to perform their jobs.

In 2012, two Wendel employees took training programs leading to a diploma, to broaden their skills set.

As part of its action plan to promote the employment of older employees, Wendel also offers all staff aged 40 and above a career assessment interview to assess their skills, training needs, current work situation and future opportunities. This is also an opportunity for these employees to plan how they will develop their careers, taking into account changing job needs and the company's employment outlook.

In 2012, 28 employees completed at least one external training course, for a total of 645 hours of training. The training included courses in foreign languages, communication techniques, and office applications.

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, Wendel has endeavored since 2010 to obtain and

finance daycare services for employees who request them. In 2012, Wendel funded 14 daycare places for the children of 10 employees.

Finally, in addition to the share of the Works Council budget allocated to social and cultural and 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 wholly performance-based.

In equivalent positions, there is no difference in pay for men and women.

In compliance with its legal obligations, Wendel developed an action plan to ensure that men and women are always treated equally in the workplace.

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 is taking part-time childcare leave.

Absences, excluding leave for family events, remained stable at around 1%. There was one commuting accident and one work-related accident without lost time in 2012.

Promoting and applying the ILO's fundamental conventions

Wendel manages its human resources in accordance with the ILO's eight fundamental conventions, ratified by France, on forced labor, on the freedom of association and protection of the right to organize, on the right to organize and to 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.

Since Wendel SA does not operate in countries where there is a risk of violation of workers' rights, ensuring the application of these conventions is not an issue.

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 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 2012 was approximately €11.2 million, down 8% from 2011. A collective bonus agreement has also existed since 2006. It was replaced by a new collective bonus agreement signed in 2012. Since the performance criteria were met in 2012, beneficiaries will receive in 2013 a maximum amount of €18,186, representing up to 12.5% of the compensation they received in 2012. The dividend increase paid by Wendel in 2012 also prompted it to pay a special profit-sharing bonus in an amount proportional to length of service with the company. Lastly, Wendel offers very comprehensive death & disability insurance to its employees and their families.

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 20 years or grants of performance shares or stock options, which most employees have received since 2007.

Grants of stock options and performance shares

In addition to the two Executive Board members, 65 employees received stock options and performance shares by virtue of the authorization granted at the Shareholders' Meeting of June 4, 2012 and the Executive Board's decision on July 5, 2012.

Attached to these grants are a service condition and a performance condition.

The following information (especially the tables summarizing the stock-option plans and performance share programs in place) satisfies the company's regulatory requirement to publish information on the compensation of corporate officers.

The table below indicates, for the period from January 1 to December 31, 2012:

- 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	Exercise price
Options granted during the year to the ten employees who were granted the largest number of options	80,000	€54.93
Options exercised during the year by the ten employees who exercised the most options	45,828	€27.74 ⁽¹⁾

⁽¹⁾ In 2012, the options were exercised at €24.59 (WI 1-1 plan), €25.96 (WI 2-1 plan), €39.98 (WI 3-1 plan), €65.28 (WI 3-2 plan) and €22.58 (W 2-1 plan).

Summary of stock-option plans in force as of December 31, 2012

Date of Shareholders' Meeting	WENDEL INVESTISSEMENT PLANS						WENDEL PLANS					
	Plan no. 2		Plan no. 3		Plan no. 1		Plan no. 2		Plan no. 3		Plan no. 4	Plan no. 5
	May 27, 2003		June 10, 2004		June 4, 2007		June 5, 2009	June 4, 2010	May 30, 2011	June 4, 2012		
Plans	WI 2-1	WI 3-1	WI 3-2	WI 3-3	W1-1	W1-2	W1-3	W2-1	W2-2	W-3	W-4	W-5
Date of the Board of Directors or Executive Board meeting	07/16/2003	07/09/2004	07/06/2005	07/04/2006	06/04/2007	07/16/2008	04/02/2009	07/16/2009	02/08/2010	06/04/2010	07/07/2011	07/05/2012
Type of options	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Subscription	Purchase	Purchase	Purchase	Purchase	Purchase
Initial total number of shares that can be subscribed or purchased:	323,821	428,223	49,000	60,600	837,500	890,600	271,000	391,200	7,000	353,177	404,400	227,270
of which:												
Number initially granted to corporate officers:												
Ernest-Antoine Seillière	141,328*	171,612 *	-	-	90,000	-	-	-	-	-	-	-
Frédéric Lemoine	-	-	-	-	-	-	-	120,000	-	105,000	96,000	54,542
Bernard Gautier	-	20,190*	-	-	150,000	150,000	-	80,000	-	70,000	64,000	36,361
Start date for exercise of the options	07/16/2004	07/09/2005	07/06/2006	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
Expiration date of the options	07/15/2013	07/08/2014	07/05/2015	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
Subscription or purchase price per share	€25.96	€39.98	€65.28	€90.14	€132.96	€67.50	€18.96	€22.58	€41.73	€44.32	€80.91	€54.93
Discount	-	-	-	-	-	-	-	-	-	-	-	-
Performance conditions ⁽¹⁾	-	-	-	-	For everyone	For everyone	For everyone	For corporate officers	-	For everyone	For everyone	For everyone
Cumulative number of shares subscribed to or purchased as of 12/31/2012	317,260	395,306	4,000	100	0	0	0	83,426	0	0	0	0
Cumulative number of canceled or expired options	5,047	5,151	9,000	19,900	710,600 ⁽³⁾	445,840	64,000	6,667	0	6,900	8,750	0
Number of options remaining to be subscribed to or purchased as of 12/31/2012 ⁽⁴⁾	1,514	27,766	36,000	40,600	126,900	444,760	207,000	301,107	7,000	346,277	395,650	227,270
Number of options remaining to be exercised by corporate officers:												
Ernest-Antoine Seillière					22,500	-						
Frédéric Lemoine								105,000		105,000	96,000	54,542
Bernard Gautier					37,500	150,000		80,000		70,000	64,000	36,361

* Amounts adjusted as part of capital transactions.

(1) All performance conditions are tied to an increase in NAV.

(2) For corporate officers, the start date for exercise of the options is July 16, 2012.

(3) Due to the non-achievement of performance conditions, only one fourth of the initial number of options was finally granted, corresponding to the cancellation of 628,125 options.

(4) Maximum number, subject to the realization of performance objectives.

Summary of performance share programs in place as of December 31, 2012

	Wendel Plan no. 2			Wendel Plan no. 3	Wendel Plan no. 4
Date of Shareholders' Meeting	06/05/2009			06/04/2010	06/04/2012
Number of authorized shares as % of capital	0.20%			0.30%	0.30%
Share grants as a % of capital	0.20%			0.30%	0.15%
Date of Executive Board meeting	07/16/2009	01/12/2010	05/17/2010	06/04/2010	07/05/2012
Plans	Plan 2-1	Plan 2-2	Plan 2-3	Plan 3-1	Plan 4-1
Vesting date	07/17/2011	01/12/2012	05/17/2012	06/04/2012	07/05/2014
Date at which shares may be sold	07/18/2013	01/12/2014	05/17/2014	06/04/2014	07/05/2016
Performance conditions	No	No	No	Yes	Yes
Shares to be issued/existing shares	Existing	Existing	Existing	Existing	Existing
Number of shares granted	7,200	83,450	10,500	151,362	75,754
Canceled or expired grants	500	2,500	0	4,925	0
Number of shares vested	6,700	80,950	10,500	146,437	0
Share value at the grant date	€20.63	€43.58	€44.61	€44.32	€54.93
Share value at the vesting date	€78.75	€51.40	€54.25	€51.58	-
Number of unvested shares	0	0	0	0	75,754
of which shares to be issued					-
of which existing shares					75,754
Number of shares granted to corporate officers					
Frédéric Lemoine	-	-	-	13,500	18,181
Bernard Gautier	-	-	-	9,000	12,120

Capital increases through the Group Savings Plan

For more than 20 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, 2012, excluding corporate officers, employees held 0.37% of the capital of Wendel via the Group savings plan.

In July 2012, the Executive Board decided to carry out a capital increase. 88% of eligible employees subscribed and were allocated a total of 35,417 shares.

Offering additional pension benefits**PERCO pension plan**

In 2010, Wendel introduced a Company pension plan ("Perco"). It matches certain contributions up to the legal limit.

As of December 31, 2012 more than one out of four employees had invested in the Perco.

Supplementary pension plan

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 level, 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.

There are currently 48 retirees and 13 employees of the Company who benefit from the plan. Two beneficiaries were members of the Supervisory Board in 2012 (see Note 3.4 to the consolidated financial statements).

3.1.3 Limited environmental footprint

Wendel's activities have little impact on the environment. However, Wendel strives to do its share to limit any negative effects. For example, environmental criteria are incorporated into the management of its IT services and the building in Paris 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 2 Act, to optimize its efforts to reduce its energy consumption and waste production.

Energy saving

In the past two 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 a video conference room 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 introduced a waste sorting policy in 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.

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 1986. In 1996, the prestigious business school created a center for family-owned businesses, and Wendel has been a partner in this initiative from the start.
- 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 and Polytechnique.
- Wendel also made a renewable five-year commitment to work side-by-side with Centre Pompidou-Metz when it opened in 2010, choosing to support an emblematic institution that makes art accessible to the general public.

In addition to its long-term support, Wendel works actively with partner institutions to further their development projects. In particular, Frederic Lemoine represents the Group on the board of directors of INSEAD and the board of directors of 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 the course of its business, Wendel also interacts with its principal stakeholders.

- Wendel communicates regularly with its principal partner, Wendel-Participations, and has made several presentations to its governing bodies.
- Wendel maintains an ongoing dialogue with its individual shareholders.

Wendel's Shareholders Advisory Committee was created in 2009. Its 12 members met seven times in 2012. 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.

In 2012, Wendel held two regional shareholders' meetings, in Lyon and Nice, and the Group takes part in the Actionaria trade show for companies and shareholders each year.

- Wendel keeps the financial community (analysts, institutional investors and individual shareholders) regularly informed of its earnings, business activities and strategy. In 2012, Wendel met with more than 350 stock and bond investors during its road shows (in France, the United Kingdom, Germany, Switzerland and the United States) 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, ANSA, Medef, AFIC, Paris Europlace, and others.

3.2 Corporate social responsibility at Group companies

Wendel is the majority shareholder in Bureau Veritas, Materis, Stahl, Mecatherm and Parcour. The financial statements of these companies are fully consolidated in Wendel's consolidated financial statements. Wendel also highlights 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 1.11 "Subsidiaries and associated 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. The main CSR issues of the five subsidiaries in which Wendel is the majority shareholder are briefly summarized below.

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 has an obligation to publish verified data, all of the required information is available in the company's own registration document for 2012.

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). With a fast-growing workforce, identifying and retaining talent has become a priority for Bureau Veritas. It is implementing an active recruitment policy and a skills development strategy combining technical and management training. Safety is another priority for Bureau Veritas, which is why management teams are being held more accountable for safety procedures. The Chief Executive Officer and the members of the relevant department systematically review all serious accident investigation reports. The environmental impact of the activities carried out by Bureau Veritas in its offices and in its inspection work at customer sites is mainly a result of automobile use. Thanks to local programs to replace vehicles over three years old with models that consume less fuel, average per-vehicle consumption was reduced by 7% between 2011 and 2012.

Materis

For Materis, the biggest unlisted company in Wendel's portfolio, Wendel publishes detailed and exhaustive CSR information, verified by an external party.

Materis, an international leader in specialty chemicals for construction, has four businesses: admixtures (Chryso), aluminates (Kerneos), mortars (Parex Group) and paints (Materis Paints). Materis employs close to 10,000 people, spread over different international sites.

Its main environmental and social responsibility issues fall into three categories:

- Strengthening the environmental management system

Materis strives to bolster its environmental management and better prevent and mitigate environmental risks by assisting its industrial sites in obtaining ISO 14001 certification and conducting external audits of the environmental risks of all of its sites.

- Employee health and safety

Safety is one of the foundations of the Materis culture and is integrated into the general management of the company. Its accident rate has decreased by 85% since 2001, illustrating its drive for continuous improvement.

- Designing innovating products and services that are better for the environment and users

Materis caters to construction professionals and has integrated eco-design into the core of its business activities. Over 25% of Materis' sales are generated by products launched within the past five years.

Wendel also reports environmental and social data for Stahl, Mecatherm and Parcour, even though these companies are not yet required to publish CSR information.

Stahl

Stahl is the world leader in high-performance coatings and leather-finishing products. Its registered office is in the Netherlands and it employs 1,200 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. The initiative has proven to be effective, since the rate of accidents with lost work time has fallen by over 70% since Stahl joined the Wendel group in 2006.

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 (80%). Lastly, Stahl recently created a working group to develop green-designed products.

Mecatherm

Mecatherm is the world leader in equipment for industrial bakeries and employs 284 people. 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 has nevertheless identified important challenges that are tied to its environmental and social responsibility, which are taken into account in the continuous improvement of its production line range: to guarantee food safety, to ensure personal security and to offer solutions to improve the energy efficiency of its production lines.

Parcours

Parcours is an independent vehicle leasing specialist in France with 285 employees. Its direct business activities have little impact of the environment, but as a player in the automobile industry, Parcours strives to raise safety and eco-driving awareness among its customers and their employees. Parcours integrates an improvement process into its service offering and has set up a system to monitor the CO₂ emissions from its customers' car fleets. Parcours is growing with a fast-expanding network of agencies; the specifications for every new location are based on French standards of high environmental quality ("HQE").

3.2.1 Bureau Veritas

3.2.1.1 Social data

Human Resources policy

Bureau Veritas is a fast-growing group that has doubled its workforce in five years. It aims to employ 80,000 people worldwide by the end of 2015.

Bureau Veritas would not have become a global leader of certification and verification without developing its human resources, a strategic pillar for the company. Bureau Veritas employs experts in quality, health and safety, environmental protection and social responsibility (QHSE). The skills and development of its staff give Bureau Veritas a strong competitive advantage for supporting its future growth.

To achieve its ambition, Bureau Veritas faces several human resource management challenges:

- having an adequate supply and mix of skills, especially in fast-growth countries, to meet its customers' expectations and offer them innovative solutions;
- recruiting future leaders, who are the key to the company's growth;
- efficiently integrating employees from newly acquired entities while offering them an environment that respects their diversity;

- reinforcing a shared corporate culture, based on strong values and ethics that build bonds between teams around the world.

Bureau Veritas uses five main drivers to meet these challenges:

- active recruitment to grow its global workforce to 80,000 people by the end of 2015;
- skills development combining technical and management training;
- deployment of shared career management processes, such as performance evaluation, talent identification and development, and internal and international mobility, across the Group;
- attractive compensation to draw the best candidates and loyalty and incentive programs for top-performing employees;
- continuous attention to the development of its organization, so as to support its growth objectives.

Employment

Total workforce and breakdown by geographic region, gender and age

As of December 31, 2012, Bureau Veritas had 58,924 employees in 140 countries, compared with 52,148 employees as of December 31, 2011. Its workforce therefore expanded by 13%, faster than in the previous year (9%).

Breakdown of staff by geographic region as of December 31

(in number of employees)	2012	2011	2010
Europe, Middle East and Africa (EMEA)	22,984	21,779	20,472
of which France	7,715	7,654	7,411
North and South America	15,911	12,726	10,762
Asia-Pacific	20,029	17,643	16,735
TOTAL WORKFORCE	58,924	52,148	47,969

New hires and dismissals

	2012	2011	2010
New hires*	13,017	11,093	8,063
Dismissals	3,410	2,832	1,907

* External recruitments for contracts of 12 months or more.

Voluntary employee turnover (the resignation rate) was 12.6% in 2012, compared with 11.7% in 2011. The highest rates were observed in Asia and the Middle East, which are fast-growing regions with a very strong demand for qualified workers. In France, voluntary employee turnover was 3.3% in 2012, compared with 3.6% in 2011.

Breakdown of staff by gender

The global workforce is 69% male and 31% female.

Women account for 14% of managers.

Proactive career management for employee development

Performance evaluation

All Bureau Veritas managers must undergo an annual performance review and goal-setting exercise. This performance management process is coordinated and monitored by the group-level HR department.

Compensation totals

The following table presents Bureau Veritas' personnel expense over the past three years.

In millions of euros	2012	2011	2010
Salaries and bonuses	1,559.5	1,331.5	1,158.6
Social security costs	349.2	319.8	270.3
Other personnel related expenses	58.2	58.1	50.5
TOTAL PERSONNEL EXPENSE	1,966.9	1,709.4	1,479.4

Compensation policy

The bonus plan acts as an incentive. As a complement to their base salary, managers can earn a bonus each year, provided that they meet individual performance objectives. The percentage of the bonus ranges from 15% to 50% of the annual base pay, depending on the manager's level of responsibility.

Bureau Veritas also seeks to build loyalty among managers by awarding stock options and/or bonus shares as part of its long-term incentive policy.

Organization of working time

Working time varies depending on the country and applicable legislation.

Absences are monitored locally in compliance with local labor codes and regulations. As an example, in 2012, the absentee rate in France (Bureau Veritas SA and French subsidiaries) was 4.0%.

In addition to this process for managers, local HR departments conduct annual appraisals with non-management employees.

Internal mobility and career management

Bureau Veritas continued to strengthen its career management policy, by refining associated rules and processes, such as talent development and internal mobility.

Employees identified as showing exceptional promise are closely monitored by the HR department and the Bureau Veritas executive team. Priority is given to this talent pool in filling open positions. BV's objective is to fill two-thirds of management positions internally, including 50% through promotions and 25% through lateral transfers.

In addition, the Leadership Pipeline program helps identify high-performing employees who have the potential to grow into management positions. It aims to detect and monitor 500 talented individuals and provide personalized career management for them so that they can accelerate their development and rapidly take up management jobs.

Labor relations

Labor-management dialogue

Bureau Veritas strives to promote the smooth running of employee representative bodies. Bureau Veritas has employee representative bodies in most key countries: France, Spain, Italy, United States, Japan, Germany, Netherlands, Belgium, Czech Republic, Australia, Singapore, India, Thailand, Russia and Ukraine. More generally, Bureau Veritas also encourages employees to communicate, exchange ideas and express their opinions, through bulletin boards, HR lines, employee suggestion programs, exit interviews, ethics contacts, accident prevention committees, monthly employee meetings, HR site reviews and open door policies.

Collective agreements

Collective agreements were signed in 12 countries (France, India, Spain, Australia, Russia, Mexico, Ukraine, Japan, Italy, Singapore, Thailand and Belgium). They cover various human resources issues such as the organization of working time, compensation policy, working conditions and measures to promote health and safety.

Training

Training data are monitored locally.

Bureau Veritas employees have access to a broad range of internal and external training courses, which cover not only technical subjects but also management and sales skills.

From an operational viewpoint, certain employees are required to complete technical training and obtain qualifications to perform their work. These qualifications are verified by the group's technical departments (Industry and Infrastructures and Marine) and audited by independent bodies (e.g. COFRAC or IACS).

In addition, knowledge management teams have created communities of experts to assist operational teams. A hundred or so communities put thousands of specialists and experts in contact with each other to exchange information about professional practices. For the development of managers, the new program for the BV Academy, relaunched in 2012, focuses on operational and sales excellence (customer centricity, lean management and risk management).

Leadership Essentials, another development program for managers, is gradually being deployed to reinforce management skills and disseminate a shared culture in all countries.

To ensure that new hires and employees of recently acquired companies are quickly and effectively integrated, a mandatory onboarding program was developed for all new employees. It introduces newcomers to the company's organization and business lines and includes information on health, safety and the environment.

Equal treatment

By nature, Bureau Veritas is a global company and its staff are a reflection of this geographic diversity. For example, more than half of its executive committee members are international members.

Respect for all individuals is one of Bureau Veritas' core values. By accepting the Code of Ethics, all employees agree to respect individual differences, without any type of discrimination regarding nationality, ethnic origin, age, gender or religious or political beliefs.

Measures taken to promote gender equality

Local initiatives were taken to promote equality between men and women in the workplace.

Measures taken to promote the employment and inclusion of people with disabilities

In France, after conducting a review of the employment of workers with disabilities, Bureau Veritas decided to act on its commitment by signing

an agreement with AFEFIPH (the fund that promotes employment for handicapped people) in July 2010.

In 2011, a program was rolled out in France to create favorable conditions for the hiring and retention of individuals with disabilities.

Workstations and vehicles were specially adapted for people with disabilities.

Non-discrimination policy

In addition to compliance with the Code of Ethics, required of all employees, local measures also combat discrimination.

Promoting and applying the International Labour Organization's fundamental conventions

In every country where it does business, Bureau Veritas complies with local laws and the fundamental conventions of the International Labour Organization (ILO).

The ILO's fundamental conventions address several areas, in particular the freedom of association and the right to collective bargaining, the elimination of discrimination in employment and occupation, the elimination of forced labor and the effective abolition of child labor.

Bureau Veritas also partners with the ILO's International Training Centre and provides training on incorporating the principles of international labor law into the strategy and business activities of large multinational companies.

3.2.1.2 Health, safety and the environment**HSE policy****Strong commitments**

For Bureau Veritas, safety is not just a priority, it is an absolute necessity. Since 2007, it has formally expressed its commitments to health and safety at work and the environment with an HSE statement signed by the Chief Executive Officer. This statement is available on the company's website (www.bureauveritas.fr)

BV implements policies in the following areas: HSE roles and responsibilities; confined space entry; working at height; ionizing radiation; personal protection equipment; driving motor vehicles; risk assessment; accident analysis; medical surveillance; fire safety; and travel safety.

It recently validated policies on addictions, the health and safety committee and the risk prevention plan for customer sites.

Certification

In its "BV 2015" strategic plan, Bureau Veritas set the objective to obtain OHSAS 18001 and ISO 14001 certification for all of its entities by the end of 2014, except for Certification activities, which cannot be audited, and acquisitions made in 2014, due to the integration process.

At the end of 2012, 28% and 31% of Bureau Veritas employees were working in OHSAS 18001-certified and ISO 14001-certified entities, compared with 29% and 32%, respectively, in 2011.

These figures were 35% and 38% at the end of January 2013, taking into account certification audits in certain entities.

Health and safety conditions at work

In 2012, general health and safety policies were reinforced as a result of the definition of safety as an "absolute" necessity, i.e. a non-negotiable

value without which business cannot be conducted. This mainly led to greater accountability from managers regarding safety procedures and a systematic review of serious accident investigations with the Chief Executive Officer and the relevant senior executives.

Safety campaigns

Many initiatives and campaigns were designed to educate employees and raise their awareness of safety issues. In 2012, Bureau Veritas chose to highlight working at height, driving and mobility.

Health and safety indicators

Bureau Veritas monitors health and safety indicators in every country where it operates. An internal procedure determines how these indicators are reported. The indicators have been defined in accordance with the guidelines issued by the World Health Organization.

Indicator	Unit	2012	2011	Objectives
Total Accident Rate (TAR)	Number of accidents with or without lost work time x 200,000/Number of hours worked	1.37	1.65	-10% per year
Lost Time Rate (LTR)	Number of accidents with lost work time x 200,000/Number of hours worked	0.60	0.76	-10% per year
Accident Severity Rate (ASR)	Number of lost workdays x 1,000/Number of hours worked	0.07	0.07	-
Fatality (FAT)	Number of deaths	1	3	None

Acquisitions completed in 2012 are not included in calculating these indicators.

Accident rate indicators show that safety conditions have improved as a result of the company's reinforced safety policy, training and awareness-raising.

3.2.1.3 Environmental data

To reduce its environmental footprint and minimize its use of resources and production of waste, Bureau Veritas draws up annual targets based on specific programs.

World Environment Day

World Environment Day was celebrated throughout the company for the fourth consecutive year in 2012 to educate employees and other stakeholders and raise their awareness of local environmental issues.

Pollution and waste management

Bureau Veritas considers that the environmental footprint of its office-based activities and inspection work at customer sites is limited to its use of air conditioning, which could leak refrigerant gas, and of motor vehicles for travel to its customers' premises. It arranges appropriate

maintenance agreements and ensures a modern vehicle fleet to reduce this impact on the environment.

Through its laboratory activities, emissions may be released into the air and water. Preventive measures include:

- obtaining all necessary authorizations to release and eliminate these emissions;
- using treatment techniques to meet legal emissions standards; and
- measuring these emissions regularly, in compliance with applicable regulations (for example, measuring emission velocity and the sulfur dioxide emissions of certain laboratories and measuring the pH of wastewater from certain laboratories).

Local authorities and independent certification bodies verify compliance with applicable standards, as defined by ISO 14001.

Consumption

Energy and waste program

The Energy & Waste program, a pilot initiative launched in 2007, tracks the annual consumption per employee of energy, water and paper using standardized indicators, which are communicated to the Executive Committee and the rest of the company.

Changes in consumption, calculated as a percentage over a constant scope from 2011 to 2012, are presented in the table below.

Indicator	Unit	2012	Change/2011 at constant scope	2012 objective	Scope: workforce covered
Energy	MWh/person/year			-10%	
<i>Offices</i>		2.6	-20.9%		61%
<i>Laboratories</i>		5.7	-7%		72%
Water	metric tons/person/year			-10%	
<i>Offices</i>		17.2	+0.3%		27%
<i>Laboratories</i>		40.7	+1.6%		65%
Paper	kg/person/year			-15%	
<i>Offices</i>		24.1	-6.4%		62%
<i>Laboratories</i>		57.5	+4.7%		68%

Fuel consumption

The business activities of Bureau Veritas involve frequent travel and, consequently, significant consumption of fuel.

To reduce this consumption, Bureau Veritas has introduced an e-learning module to promote eco-driving techniques. Group entities have also launched innovative local programs, such as in France, where vehicles over three years old were replaced with more energy-efficient models, thereby reducing average fuel consumption per vehicle by 7% from 2011 to 2012.

Climate change

To monitor the amount of CO₂ it emits and measure the effectiveness of its environmental programs, Bureau Veritas developed its own "BV Carbon" tool in 2009. The six principal sources of carbon emissions selected for measurement are energy, water, paper, business travel, ozone-depleting substances (ODS, from air conditioning) and waste.

BV's consolidated carbon footprint for 2012 covers 25% of its workforce, excluding acquisitions carried out during the year.

Source (25% of the workforce)	2012 Metric tons of CO ₂ /person
Business travel	2.24
Energy	2.02
Ozone depleting substances	0.06
Waste	0.02
Paper	0.02
Water	0.002
CO₂ FOOTPRINT PER EMPLOYEE	4.36

Reduction targets for energy, paper and water consumption are set each year and the resulting improvements directly contribute to lowering greenhouse gas emissions. In 2012, the following reductions were obtained:

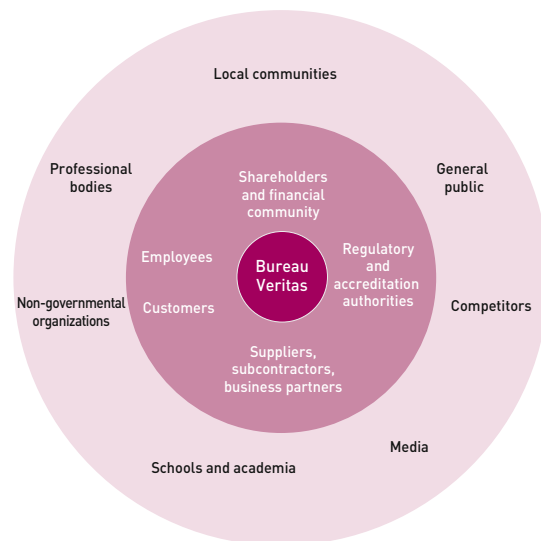
Source (25% of the workforce)	Change in CO ₂ emissions (metric tons)	% change in emissions versus 2011
Business travel	+3,373.4	+12%
Energy	+3,364.6	+13%
Ozone depleting substances	-16.2	-14%
Waste	+1.7	+1%
Paper	-11.1	-36%
Water	-34.9	-18%

3.2.1.4 Societal values

Through its work, Bureau Veritas contributes to quality, health, safety, security, environmental protection and social responsibility (QHSE). In particular, its business activities help to improve:

- safety for users of buildings, equipment and means of transportation;
- safety for consumers of food products, electric and electronic appliances and other basic consumer goods;
- safety and security for employees at work;
- reduction in the environmental impact of industrial activities, transportation, construction and natural resource consumption; and
- corporate social responsibility.

Bureau Veritas interacts with a large number of stakeholders, represented in the following diagram.



The initiatives developed by Bureau Veritas aim to build close, constructive relationships with its key stakeholders while protecting its independence, a core value and an intrinsic criterion in its business activities as an impartial third party.

Fair business practices

Core values

The four core values of Bureau Veritas, (i) integrity and ethics, (ii) impartiality and independence (iii), respect for all individuals, and (iv) social and environmental responsibility as a guideline for conduct, are described in its Code of Ethics.

Two of these core values, “Integrity and Ethics” and “Impartiality and Independence” were the focal point of the work carried out by the profession under the leadership of the International Federation of Inspection Agencies (IFIA) and led to the drafting of BV’s first Code of Ethics published in October 2003.

Code of Ethics

In accordance with IFIA requirements, Bureau Veritas’ Code of Ethics describes the values, principles and rules applicable to all and upon which Bureau Veritas aims to base its growth and relationships of trust with its clients, employees and business partners.

The application of these core values is an essential and daily concern for all employees. It has become one of the main competitive advantages of Bureau Veritas. All employees must ensure that their day-to-day decisions at work are made in compliance with the rules laid down in the Code of Ethics. BV’s business partners such as intermediaries and subcontractors are also required to comply with the code in their dealings with Bureau Veritas.

In 2012, Bureau Veritas published the fourth edition of its Code of Ethics, now available in 32 languages. Its Compliance Program, also updated in 2012, is described in its Registration Document in the section on Internal control and risk management procedures. It includes an organization dedicated to ethics, an internal procedures manual and a training program for all employees, available in 16 languages. It also includes a detailed module relating to the fight against corruption.

3.2.2 Materis

In accordance with regulations (Article 225 of the Grenelle 2 Act on the obligations of corporate social and environmental transparency), Materis' social and environmental data were reviewed by an independent third party whose report can be found in section 3.3 of this report.

3.2.2.1 Commitment for responsible enterprise

General policy

Materis' sustainable development policy centers on building and deploying its **"CORE, Commitment to a Responsible Enterprise"** plan, initiated in 2010.

It is based on the **seven key elements of Materis' corporate culture**:

- entrepreneurship;
- safety for all;
- determination to win together in a friendly work environment;
- freedom of expression and transparency;
- creativity and innovation;
- reactivity and decentralization;
- sense of human and environmental responsibilities.

Management's commitment

"In 2010, I decided to initiate a movement in each of Materis' businesses to strengthen our collective commitment to sustainable development.

I firmly believe that the leading companies of the future will be those that have succeeded in incorporating this commitment into their economic, social and environmental strategies.

Several of the group's entities had already launched initiatives in this area; their achievements largely contributed to our shared commitment. Taking into account the recommendations of the working group, in which Materis' four businesses were represented, and the input of the Executive Committee, we set the following objectives:

- reconcile economic growth and the development of our employees, who are essential to our success. We want to stand out in this domain and make each Materis company a flexible, transparent and friendly place where "it feels good to be";
- adopt sustainable development as a driver of our "entrepreneurship". We fully assume our responsibility as entrepreneurs. We think that our contribution to Sustainable Construction can be a compelling factor that differentiates Materis for its customers and their constructions;
- protect as well as we can the resources that we use to do business. We believe that sustainable development can only be achieved by establishing a sustainable balance with our environment.

This CORE (COmmitment to a Responsible Enterprise) plan is the best expression of our "entrepreneurship" and "sense of human and environmental responsibilities", two key elements of the Materis Culture. The concept of "engagement" is also particularly important in our pursuit of continuous improvement in the long-term, requiring the commitment of each individual. This is how we achieved our success of the past 15 years in improving safety."

Olivier Legrain, July 2011

CORE plan deployment

Materis' CORE initiative is built on three pillars of sustainability comprised of seven "core" values:

Economic	Environmental	Social
<ul style="list-style-type: none"> ■ Support customers in their sustainable development efforts ■ Innovate and propose products and services that are more respectful of their users and the environment 	<ul style="list-style-type: none"> ■ Optimize the use of resources in our products and processes ■ Limit the impact on the environment ■ Strengthen our environmental management system 	<ul style="list-style-type: none"> ■ Act for and with our employees ■ Strengthen our presence in the local community

This initiative is being implemented gradually, with a long-term perspective. Consistent with Materis' corporate culture, which supports decentralization, each business carries out the initiative in the way that is best suited to its markets and its customers. This is because differentiation and progress can only be achieved with an understanding of the local economic, social, environmental and regulatory context and not by applying external guidelines alone.

This local connection ensures that the commitments made are relevant and that all teams quickly adopt and act on them.

In the Paints business, Zolpan chose to support the initiative using "LUCIE". It obtained this French CSR certification for the first time in 2011 and again in October 2012, following an audit by Vigéo.

In the Admixtures business, Chryso France has obtained ISO 26000 certification and already publishes its own sustainable development report.

Three times a year, a CORE committee brings together the CORE coordinators of each of Materis' four businesses to coordinate the initiative and determine its direction. It is moderated by the head of strategy, under the direct supervision of the Chairman of Materis, who participates twice a year.

3.2.2.2 Reporting methodology

Scope and methods of consolidation

To produce the key indicators selected for this report, data were taken worldwide from all entities consolidated in Materis' financial statements.

A specific calculation method has been defined for each indicator. Where measured data are not available, sites provide estimated figures and an explanatory note in accordance with the corresponding method. Data are collected using standard files validated by Materis.

Exceptions: data from acquired entities are not included in the report for the year they are acquired.

Note: consolidated social data were reported for the first time in 2011, and this report for fiscal year 2012 presents the first consolidation of environmental data.

Responsibilities and verifications

Materis' Human Resources teams are in charge of producing social data for each business and for the group.

Safety indicators are produced by the Safety network and the Materis Safety team.

Environmental data is produced by Environment experts in each business, prior to data consolidation by Materis.

Each business 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.

Environmental and social indicators

A summary of quantitative environmental and social indicators is provided in section 3.2.2.6 "Summary of environmental and social indicators".

3.2.2.3 Social initiative: acting for and with our employees

With close to 10,000 employees around the world and sales outlets and industrial plants in more than 30 countries, Materis is pursuing its growth with special attention to the working conditions of all its employees, so that every Materis company promotes personal and professional development and a friendly and transparent atmosphere where "it feels good to be".

At Materis, human resources management is coordinated locally by each of its four businesses, in each country in which it has a sales or industrial presence.

A Human Resources Committee (HRC), whose members are the HR directors of each of the four businesses, moderated by the HR Coordinator for Materis and directly overseen by the Chairman of Materis, meets monthly to coordinate action in the following areas:

- developing the Safety culture, a priority for Materis;
- developing people and skills, mobility between businesses and career management.

In addition, with respect to the HRC, each HR director undertakes to:

- support and apply Materis' commitment to Safety and ensure that its organization functions in a way that exemplifies the Materis culture;
- facilitate the development of each individual in an organization that promotes the taking of initiatives and responsibility; ensure that the annual appraisal process is carried out at every level of the hierarchy;
- promote and implement compensation policies that are consistent with benchmarks in the markets relevant to its business;
- prevent all forms of discrimination and ensure compliance with labor laws everywhere in the organization.

Development of the Safety culture, a priority for Materis

Safety is one of the pillars of the Materis culture and the direct responsibility of the group's chairman. It is integrated into the general management of the company and reinforced in three main ways:

Cultivating a strong culture of safety in the group

The safety of the people who work at Materis and their working conditions are just as essential as the company's economic success. Concern for safety must be an important feature of each individual's behavior.

Each year for the past five years, World Safety Day has provided an opportunity, in each of the businesses, to focus the attention of teams around the world on the need to make safety a habit.

The Materis Executive Committee and the management teams from each business participate actively in this initiative to build and disseminate a safety culture in each group entity. The CEO of each business is required to make at least one safety visit every quarter to their industrial sites. In addition, a safety indicator is included in their annual objectives as well as those of many managers.

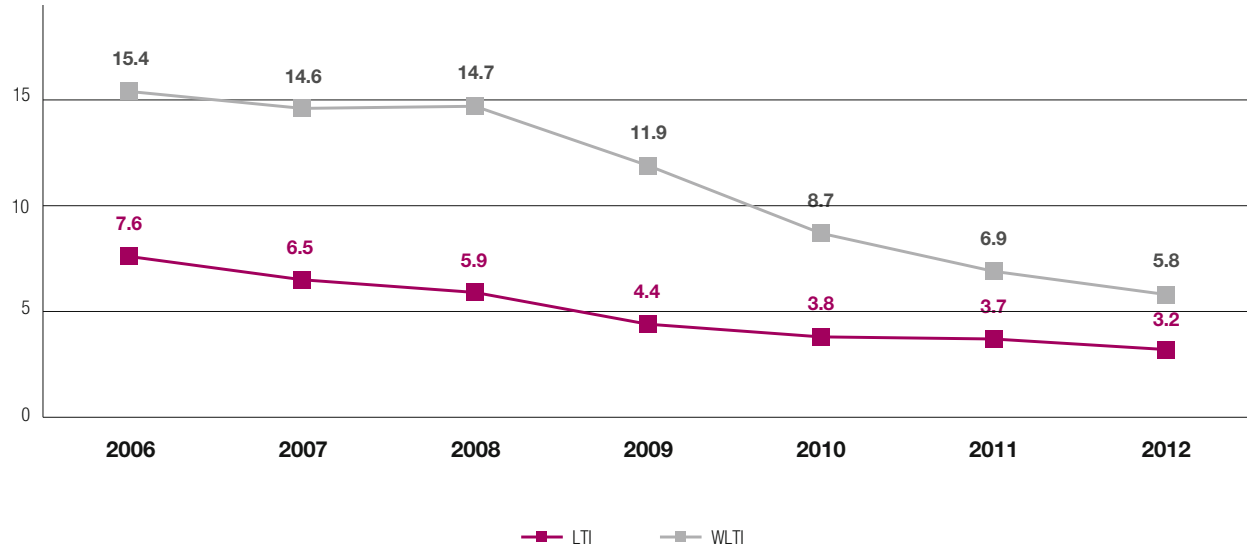
A culture of safety is based on setting an example and requires an increasingly strong commitment from managers at every level.

Using preventive strategies

Since 2001, injury frequency rates at Materis have steadily decreased. For every injury, with or without lost work time, the relevant department performs a root-cause analysis to determine what preventive and corrective action should be taken.

In 2013, injuries requiring first aid treatment will be tracked and analyzed monthly, in the same way as injuries with and without lost time.

Trend in LTI ⁽¹⁾ and WLTi ⁽²⁾ frequency rates



(1) LTI: number of lost-time injuries per million hours worked.

(2) WLTi: number of injuries with or without lost time per million hours worked.

To promote experience-sharing and risk prevention, Materis has developed several multi-language communication tools for different types of injuries.

They can be used by Materis managers during their “safety minute” presentations, team meetings and information meetings and downloaded from a secure extranet site devoted exclusively to safety. The platform also provides access to safety statistics for Materis, meeting reports, Materis procedures and best practices, awareness videos on risks for workers at building sites, sales outlets and laboratories, risks related to subcontracting, or that reenact injuries that have occurred at Materis.

To develop the safety culture of its managers, Materis has also developed, in partnership with DuPont Consulting, an in-house training module delivered in two half-days, called “Managing Safety by Exemplary Behaviour”. Each module, delivered three times a year, addresses 30 to 35 managers from all four businesses. They learn about the safety organization at Materis, the use of key tools such as safety visits, root-cause analysis, housekeeping audits, and so on, and the various communication aids that exist. They are also made aware that as managers, they must uphold high standards and a high level of commitment in the area of safety. This training is currently being delivered

in France and has been taken by a little over 200 managers since it was launched.

ParexGroup and Materis Paints, companies that employ a large number of employees who travel for work, offer safe driving workshops in partnership with an outside training organization.

Building safety into industrial sites

Materis also holds three “safety awareness” training sessions per year; these workshops are held at an industrial site for employees in management positions. Participants are invited to discuss operational problems specific to their business (safety visits, site circulation, etc.) or that apply to Materis in general (safety culture).

An initiative was launched in 2008 to obtain OHSAS certification for all 102 Materis plants by the end of 2014.

In 2012, 12 new sites were certified, bringing the number of OHSAS 18001-certified sites to a total of 62 (61% of sites) as of the end of 2012.

Materis intends to guarantee a safe work environment for each employee in more ways than through certification. Safety visits are a part of the management of industrial sites. A colleague observes a person at his

or her workstation. A discussion ensues during which the observed employee is alerted to identified risks. In this process, employees are actively involved in ensuring their personal safety and that of their colleagues.

Workforce

In a difficult economic environment in many countries, where the construction business has been particularly hard hit from the downturn for several years (Southern Europe, North America), Materis has taken steps to find an optimal balance between market demand and its resources, while promoting the commitment of each employee.

In 2012, arrivals and departures from the Materis workforce did not result in a net change (excluding changes in scope).

The Paints business, hard hit by the recession in Southern Europe (Italy, Spain, Portugal) was nevertheless obliged to adjust its staff by 6.4% in 2012.

Absentee rate

The absentee rate at Materis remains very low (2.2%).

Training and employee development

Training

A training policy is developed locally for each business, based on the development needs of its staff.

Materis is committed to offering regular training to its employees. Through training, they improve their performance and employability. In 2012, 74% of employees participated in at least one training program during the year. The average number of training hours per employee was a little over 14 hours (two days).

In 2012, external training costs represented 0.7% of payroll.

The training program dedicated to safety, an absolute priority for Materis, called "Managing Safety by Exemplary Behaviour", has already been attended by more than 200 managers.

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 each employee's performance and achievement of the goals set in the beginning of the year. This forms the basis for determining variable pay.

It is also an opportunity to discuss the employee's development and personal ambitions, training needs and the manager's management style.

The APA is used in a very large number of entities and will eventually be deployed worldwide for all managers.

Succession plan

To promote career development and mobility between businesses, the HRC works with businesses to regularly update succession plans.

Compensation

Materis' compensation policy is specific to each of its businesses, which operate in different industrial sectors. It is defined with respect to local market conditions, a desire for internal equity and applicable regulations.

However, all of its businesses promote and implement variable compensation systems that depend on a balance of individual and collective performance.

The human resources departments in each business conduct periodic benchmark studies to ensure that compensation is consistent with market levels.

Each year, Materis' businesses engage in negotiations that enable a significant number of collective agreements to be adopted regarding compensation (over 120 in 2012).

Organization of working time

Each Materis entity ensures that its business activities are conducted in compliance with local regulations. The continuous improvement of working conditions and organization is also an important point in the human resources policies applied in each business and entity.

In addition to collective agreements on compensation, 34 local agreements were signed in 2012 in areas related to working time, training, safety, health and diversity.

Diversity

Materis fights all forms of discrimination.

In France, Zolpan, a Materis Paints company, and Chryso have signed a Diversity Charter. ParexGroup France launched a communications campaign to raise disability awareness, while Chryso France, Kerneos, ParexGroup France and Materis Paints have all built partnerships with supported employment centers (CAT, ESAT).

Freedom of association

In accordance with local regulations, Materis allows employees open access to their representative, consultative and labor-management bodies in all of its entities.

3.2.2.4 Environmental initiative

Due to the nature of Materis' industrial activities, which are mainly to develop formulations, the related environmental risks are limited. The amount of its provisions and guarantees for environmental risks is therefore less than €2 million.

However, protecting the environment is a key element in its corporate culture, which is why Materis invested €6.6 million in 2012 to prevent environmental and safety risks, representing 8.5% of its total capital expenditure.

Although its four businesses face different environmental challenges, Materis decided to develop one environmental strategy based on three shared priorities:

- strengthening the environmental management system and improving management practices at Materis' sites;

- optimizing the use of resources required for Materis' business activities;
- reducing the environmental impact of Materis' operations.

Strengthening our environmental management system

The prevention and control of environmental risks is a priority. In 2011, as part of its global CORE initiative, Materis decided to reinforce the environmental management at all of its industrial sites in two ways:

- gradually obtaining ISO 14,001 certification, an international standard for environmental management, for all its sites. At the end of 2012, 20 of the 102 industrial sites had obtained this certification (20%);
- assessing environmental risks through external audits of all of Materis' industrial sites in 2012. This objective was reached, with audits carried out at all 102 sites in 2012. The auditors' reports and recommendations are being finalized. In 2013, each of Materis' industrial sites will be able to draft a multi-year improvement plan.

To support this move, employee training and awareness-raising initiatives were launched in each of the four businesses. Two animated CORE films, produced by Materis in 2011 and 2012 to generate momentum in this area, were shown during the group's annual webcast and reused in a decentralized fashion in internal communications campaigns run by individual businesses. Each of the four businesses published a special "Responsible Enterprise" issue of its newsletter and Chryso France published its third annual sustainable development report in respect of 2011.

Materis' Human Resources Committee also developed a manual on green practices so that every employee in the group could play a role in the following areas:

- business travel efficiency;
- optimal use of consumables and energy;
- waste sorting and recycling.

Optimizing the use of resources

Materis' industrial activities mainly involve transforming and extracting value from raw materials to formulate products for use in the construction industry. Resource consumption is therefore directly proportional to the company's volume of activity.

Energy management and energy efficiency

Materis' energy consumption is chiefly determined by the business of Kerneos, the leader in specialty calcium aluminate products.

Audits assessing the energy efficiency of furnaces helped to ensure continuous process improvement and thereby reduce the energy intensity of the Aluminates business.

Although significantly less energy-intensive, Materis' other businesses also launched energy efficiency initiatives to diminish their environmental

impact and energy costs. Chryso's capital expenditures at its Sermaises site has led to a 15% reduction in energy consumption over the past five years. The integrated distribution network for Materis Paints (400 stores) analyzed the energy consumption of each individual sales outlet to develop customized improvement plans.

Materis' total energy consumption in 2012 was 4,989 terajoules.

Since 2005, Kerneos has chosen to voluntarily report its greenhouse gas (GHG) emissions.

The European directive on CO₂ quotas will apply to the Aluminates business for the 2013-20 period. The ETS directive adopted in December 2008 describes how emission allowances will be allocated.

Zolpan (Materis Paints) and ParexGroup France have also performed a carbon assessment to identify their main sources of GHG emissions and build appropriate action plans to reduce these emissions.

Water management

In 2012, Materis' total water consumption was 937,751 cubic meters ⁽¹⁾.

Many of Materis' industrial sites have been designed so that no wastewater is discharged into the environment. Effluents are recycled or handled by specialist subcontractors. Each year, specific investments are made to improve industrial wastewater treatment and reduce discharges from the relevant businesses (Materis Paints and Chryso).

At Chryso, a plan to modernize the retention systems is underway. At the Materis Paints plant of La Bridoire, a new recycling station reduced the amount of wastewater discharge by one-half in 2012.

Raw material management

Materis employs processes that produce very little waste or spoilage (about 1% of the manufactured volume), and all of its industrial sites closely monitor the quantities and types of raw materials and packaging used.

Its businesses act in three ways to streamline their use of the resources they need to manufacture Materis products:

- using previously unused industrial co-products as substitutes for raw materials and traditional fuels. One Kerneos site qualifies as a co-incineration plant;
- reducing the consumption of petroleum-based raw materials in packaging by developing packaging that is partly organically-sourced and by using recycled plastics (Materis Paints);
- applying the European REACH directive and using substitutes for hazardous and toxic raw materials, which enabled Materis Paints to reduce their use of such materials from 253 metric tons in 2005 to less than 10 metric tons in 2011.

(1) Estimate for the Materis Paints network.

Limiting the impact on the environment

Management and disposal of industrial waste

In 2012, Materis' industrial activities generated a total of 41,900 metric tons of waste⁽¹⁾, which was treated by specialist subcontractors accredited by local authorities.

Over 80% of this waste was classified as non-hazardous as defined under the European Waste Catalogue.

Noise pollution

The noise generated by Materis plants is limited. Noise levels are monitored at all of Materis' industrial sites, in accordance with local legislation and OHSAS 18001 certification, and formal action plans are implemented.

Materis aims to obtain OHSAS 18001 certification for all of its industrial sites by the end of 2014.

Land use

The land footprint of Materis' 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

Materis' businesses are not directly impacted by the consequences of climate change. Accordingly, it has not developed a global policy in this area.

Measures to protect and enhance biodiversity

No major, immediate impact from Materis' industrial activities has been identified. General efforts to reduce the use of resources and environmental impact also ultimately contribute to protecting biodiversity.

Accordingly, Materis has not developed a global policy to enhance biodiversity in the areas surrounding its industrial sites. Local initiatives do exist, however.

3.2.2.5 Societal initiative

Materis strives to serve its customers and the communities in which it operates using three main strategies:

- innovating to design and propose products and services that closely match customer needs and answer the requirements of Sustainable Construction;
- supporting customers in their sustainable development efforts, beginning with the internal deployment of CORE;
- strengthen its production and operations in the communities where Materis is growing its industrial and sales activities.

Innovating and proposing products and services that are more respectful of their users and the environment

Materis invested €27 million, or 1.3% of its revenues, in innovation in 2012.

A large majority of the users of Materis products are construction professionals, and Materis strives to continuously improve the use and performance of its products for these customers.

Materis has worked green design into the core of R&D management in its four businesses. It calculates the overall environmental footprint of a new product by measuring two types of effects on the environment: its intrinsic impact resulting from the product's design and the resources needed to manufacture and market it, and the impact that comes from its use by customers and by building users.

Kerneos and Chryso conduct life cycle inventories or analyses of new products and certain existing products. This assessment factors in resource consumption, production, transport, use and disposal.

ParexGroup launched a complete range of dustless mortars to improve the working environment of construction professionals at work sites. It is also developing lighter products to reduce the risks involved in lifting and moving them.

Materis Paints is continuing to replace solvent-based paints with water-based equivalents throughout its network to reduce volatile organic compound emissions. In 2012, 62% of Zolpan's indoor paints had obtained the French "NF Environnement" eco-label.

Materis is extending its range of external insulation systems to improve energy efficiency and comfort in buildings.

In 2012, 25% of Materis' sales were generated by products launched less than five years ago.

Supporting customers in their sustainable development efforts

The internal deployment of CORE is the first step in this strategy.

In 2012, Zolpan (Materis Paints) took measures to better inform employees and customers about corporate social responsibility, using an e-learning module called "Zolpan, a Responsible Company".

Several Materis companies regularly evaluate their customers' satisfaction through qualitative surveys and in-depth interviews.

Chryso took the initiative to create a Health, Safety and Environment Club for its customers. It provides a forum where they and Chryso teams can dialogue and learn from each other. Chryso also offers customers technical audits of their industrial sites to assess whether products are being used safely there.

Kerneos provides its customers with tools to assist them in conducting life cycle assessments and developing low-impact solutions.

(1) Estimate for the Materis Paints network.

Strengthening our presence in the local community

Impact on employment and regional development and on neighboring or local populations

The impacts of Materis' business activities and the activities resulting from the use of Materis products are mainly local.

Through its business, Materis contributes to the construction and renovation of housing, commercial real estate and infrastructure, which are very largely local markets. Most of its production operations are also carried out locally.

In 2012, the share of Materis revenues generated by products sold in the region where they were produced was 87%.

The raw materials used in its industrial processes are also primarily local and thereby contribute to forming a local value chain.

Relations with suppliers and subcontractors

Materis integrates its responsibility into its own business activities as well as those of its suppliers and subcontractors. Its four businesses implement responsible procurement policies, reflecting Materis' CORE initiative.

As in other CSR areas, Materis' businesses develop their own procurement policies – purchasing charters, external benchmarks (LIFE), etc. – in a decentralized manner while applying the following main guidelines:

- setting an example for suppliers with the conduct of Materis teams;
- when selecting and assessing suppliers, taking their own CSR commitments into account.

Partnership and sponsorship initiatives

In connection with the CORE plan, Materis, via its HRC, has chosen to establish a policy that encourages the development of local initiatives

rather than a global partnership or sponsorship program. It describes its approach as follows:

“The goal of Materis is to conduct its business, everywhere that the group operates, in harmony with the various local stakeholders: citizens, local authorities, governments, partner companies, non-profits and other organizations present in the community.

Materis has therefore chosen to encourage and promote the development of initiatives to support the work of non-profit, public, private, local, national or international organizations in the following areas:

- education;
- health;
- social issues;
- culture (protection of heritage and the arts).

Local teams, in collaboration with the head or chief executive of their entity or subsidiary, are responsible for selecting the organizations to support. Preference will be given to organizations in which Materis employees participate.”

In 2012, direct and indirect contributions to local initiatives supported by Materis employees totaled €325,000.

Preventing corruption

Materis works to ensure that its employees follow fair business practices and comply with applicable regulations in this area.

Commitment to human rights

Materis strives to improve the well-being and safety of its employees and subcontractors in the workplace and works to integrate these criteria into its relations with suppliers through purchasing charters, external benchmarks (LIFE), and so on.

Materis refuses to use child labor or forced labor.

3.2.2.6 Summary of environmental and social indicators

Environmental indicators	2012
% of industrial sites having completed an environmental audit	100%
% of ISO 14001-certified industrial sites	20%
Waste produced (% of production volume)	1%
Energy consumption (TJ)	4,989
CO ₂ emissions (metric tons) ⁽¹⁾	486,244
NOx emissions (metric tons)	1,739
SOx emissions (metric tons)	2,504
Water consumption (m ³)	937,751
Chemical Oxygen Demand COD (metric tons) ⁽¹⁾	143
Suspended solids (metric tons) ⁽¹⁾	37
Volatile Organic Compound emissions (metric tons)	270

(1) Scope covered: 90%.

Human resources indicators	2012
Workforce (December 31, 2012)	
Group workforce	9,610
of which permanent contracts	9,170
of which % of permanent contracts	95%
of which fixed-term contracts	440
of which % of fixed-term contracts	5%
of which women	2,519
of which % of women	26%
of which men	7,091
of which % of men	74%
New hires in the group ⁽¹⁾	1,563
of which women	457
of which % of women	29%
Departures from the group ⁽¹⁾	1,504
of which women	408
of which % of women	27%
Breakdown of staff by geographical region	
Europe	55%
of which France	41%
Asia-Pacific	21%
South America	12%
North America	4%
Africa & Middle East	8%
Absentee rate	2.2%
Training	
Number of employees having completed at least one training program	7,129
% of employees having completed at least one training program	74%
Average number of training hours per employee	14.3
External training costs as a % of payroll	0.7%
Personal safety ⁽²⁾	
Number of work injuries with at least one day of lost time	58
Number of work injuries without lost time	47
Rate of injuries with lost work time	3.2
Rate of injuries with or without lost work time	5.8
% of industrial sites with OHSAS 18001 certification	61%

(1) Permanent contracts only.

(2) Scope including regular and temporary employees.

3.2.3 Stahl

3.2.3.1 Highly committed to developing employee skills

Employment

As of December 31, 2012, Stahl had 1,237 employees. The net number of new hires over 2011 was four. The largest net headcount increases

Breakdown of full-time employees as of December 31 by geographic region

Region	2012	2011	2010
Europe	482	479	449
Asia-Pacific	276	273	270
India and Pakistan	180	171	158
North and South America	299	310	313
TOTAL	1,237	1,233	1,190

Ninety-nine percent of Stahl's employees are on permanent contracts. Its workforce is 80% male and 20% female. The average absentee rate was 1.9%. Total turnover of staff was 11.9%. The highest turnover rates were in China (19%) and Australasia (18%); the lowest were in Europe (7.3%). Turnover of strategic employees (sales and application technicians and R&D specialists) was only 1.5%, in line with previous years. These figures are consistent with the markets in which Stahl operates and reflect the trends in the various regions. The rates provided for Asia illustrate the fast growth of the countries in this region and the size of the market segments in which Stahl does business.

Training

The highly technical and innovative markets that Stahl serves require it to have top-notch capabilities and skills and to maintain a high level of service. For this reason, Stahl is committed to developing its employees as a key factor for strengthening its leading position. Employees' sales and technical skills are constantly being developed through external training, such as in chemicals and leather treatment, and through in-house training.

In 2012, the average seniority of Stahl's technical staff was more than 10 years. This is because Stahl offers its leather and coatings specialists a work environment conducive to their professional development. Consequently, their knowledge and skills and their ability to innovate in niche markets has earned them an excellent reputation. Stahl delivers in-house technical training and also calls upon outside organizations for sales, marketing and managerial training.

Stahl also strives to offer suitable training to the middle managers in its eight factories and its sales outlets around the world, to ensure that they

were in India, China and Mexico. The stable numbers in Stahl's workforce demonstrate its ability to increase its revenues and bottom line while maintaining a similarly-sized structure.

recognize the value of multiculturalism while reconciling local practices with Stahl's strategy and values.

Compensation

Stahl uses the most appropriate human resources tools to support its businesses and objectives. All of Stahl's installations are small or medium-sized, and to respond to the high level of service required in the industry, the company is very close to its customers. In this context, Stahl has a healthy labor environment. Employees have access to all the support and training their positions require. In addition, Stahl uses performance appraisal as a way to help employees achieve personal development and business objectives. The bonus system, especially for the sales staff, is designed to focus on growth and quality of service.

Stahl's compensation policy is competitive and consistent with local practices and regulations.

Total compensation, excluding bonuses paid in respect of 2012, was close to €61 million, up 5.1% from 2011.

Health and safety

Stahl is very committed to its Health, Safety and Environment (HSE) program, which is an essential part of its corporate culture and is described in paragraph 3.2.3.2. Mandatory training is organized in all countries to raise awareness and ensure that employees always act safely. All new employees, especially those in production, laboratory or application activities go through a specific integration process when they join the group. In addition, refresher courses are regularly offered to all employees.

To ensure continued improvement in the evaluation and prevention of risks, Stahl tracks indicators of progress on safety, of which the following table is an extract:

	2012	2011	2010
Rate of accidents with lost work time	0.12	0.24	0.35

Rate calculated as follows: (number of reported accidents x 100,000)/(number of hours worked).

3.2.3.2 Protecting the environment, a key issue for Stahl

Given its activity in the chemical industry, Stahl is committed to making Health, Safety and Environment (HSE) an integral part of its economic development. Its Executive Management is directly responsible for ensuring that HSE principles are correctly applied. In addition, safety and environmental issues are included on the agenda of every Board of Directors, management and department meeting in all Stahl operating units.

Stahl's main commitments to HSE are as follows:

- meet all legal provisions and local regulations and demonstrate responsible corporate citizenship;
- identify the risks related to the design, manufacture, sale and use of its products and establish appropriate controls;
- aim to eliminate all environmental risks related to its operations;
- report and investigate any incident, take corrective action and share lessons learned;
- ensure that all employees possess skills that are appropriate for their job;
- define HSE standards in simple, clear terms, communicate them to all employees, and ensure that employees adopt them. All employees are continually reminded of environmental issues, in particular those concerning building maintenance and energy consumption;
- report, monitor and audit all aspects of HSE performance to confirm compliance and continuous improvement recognize and reward HSE excellence.

Stahl's HSE organization

The management team of each site ensures that all business activities comply with local and national legislation as well as with internal regulations and directives.

The manager in charge of global HSE operations and issues visits each site regularly. Compliance with HSE standards, legislation in force and internal regulations are systematically analyzed during these visits. More detailed audits are also performed by internal and external teams.

Monitoring HSE objectives at industrial sites

The managers of each business and each industrial site have HSE objectives. To achieve them, they adapt HSE principles to the local environment and set up rules for guiding HSE performance. These rules are generally detailed in written procedures drawn up by the managers that place particular emphasis on ensuring that appropriate measures are taken to evaluate and verify compliance with national legislation. Stahl's eight production sites comply with local legislation.

Continuous improvement

All Stahl sites are ISO 9001- and/or 14001-certified. Follow-up audits and internal control take place on a regular basis.

Stahl adheres strictly to all European REACh legislation. As a manufacturer and importer of chemicals operating in the European Union and the United States, Stahl implements precautionary measures at the end of the supply chain to prevent any potential adverse effects on people or the environment.

More than 80% of Stahl products are water-based, replacing the use of solvents

In application of the REACh regulation, the gradual elimination of solvent-based products from its portfolio is still a primary goal for Stahl. Thanks to its innovative research, Stahl was one of the first companies to market water-based products. Today, these products represent the majority of Stahl's production.

At the end of 2010, Stahl created an internal task force whose objective was to empower the company with the resources it needs to innovate in the eco-design of its products. This task force is made up of 1.5 FTE employees from the R&D team and FTEs from business units (technicians and sales staff).

Waste management

Stahl is especially attentive to waste management. The company regularly reviews the processes it uses and promotes a sense of discipline and accountability among employees. Waste disposal is carried out by reputable, government-approved companies. Incineration of chemical waste is only carried out using responsible methods and suppliers.

In metric tons	2012	2011	2010
Hazardous waste	3,929	4,471 ⁽¹⁾	3,520
Non-hazardous waste	2,261 ⁽²⁾	662	1,159
Total waste	6,190	5,133	4,679

(1) In 2011, statistics on total hazardous waste production at Stahl's industrial sites increased, because Stahl expanded the categories of waste tracked by its departments.

(2) Starting in 2012, Stahl included empty packaging in its total non-hazardous waste production figures.

Emission management

Stahl measures emissions in the air of its production plants locally, based on the requirements imposed by the authorities.

■ Reducing CO₂ emissions

In 2011, Stahl developed, together with an engineering company, a proprietary system for measuring its carbon footprint. The system was rolled out to all production sites in 2012, which will be the baseline year used to set CO₂ emission reduction targets.

■ Reducing emissions into the air, water and soil

After making capital expenditures of over €4 million in 2011, in particular at its Parets site (Spain) to increase energy efficiency and reduce emissions of monomers and volatile organic compounds (VOC), at its Portao site (Brazil) to treat wastewater and at its Waalwijk site (Netherlands) to reduce waste production and emissions into water,

Stahl set up maintenance audit programs in 2012 to prevent the risk of soil pollution from leaks in pipes, chemical storage tanks or sewage systems. An audit was conducted for all sites in 2012, in accordance with local permits and legislation.

Optimizing the use and consumption of natural resources

■ Water consumption

Stahl uses water as a raw material for many of its products as well as for cleaning equipment. For this reason, Stahl pays particular attention to reducing water consumption at its sites. The volume of cleaning water used depends on the products manufactured at each of the company's sites. Products that use pigments or viscous polymers, for example, need more cleaning water than products that do not contain these chemicals. As these products represented a higher percentage of production in 2012 and 2011 than in 2010, overall water consumption increased, as indicated in the table below:

	2012	2011	2010
Total water consumption (m ³)	202,151	195,039	186,138

Stahl has installed high-pressure water systems for more efficient and therefore more economic equipment cleaning.

■ Energy consumption

Stahl's ongoing priority is to not waste energy, but rather to consume it in an efficient and responsible manner. Stahl has made significant efforts to raise employee awareness about this policy. Awareness is a starting point for maintenance, engineering, technical projects, product development, etc.

Energy consumption audits of Stahl's production sites were completed in 2011 and the resulting recommendations have been partially implemented.

If equipment needs to be replaced, or if an industrial development project is under consideration, Stahl ensures it studies at least one of the most energy efficient and environment-friendly alternative solutions. Finally, Stahl stays in close contact with its customers and suppliers and with universities so as to stay abreast of innovation.

Stahl measures and controls its energy consumption on its sites by month and by unit of production.

Energy consumption data

	2012	2011	2010
Electricity (MWh)	20,171	21,395	21,988.8
Gas (Nm ³)	1,810,340	1,547,758	1,527,194
Oil (in metric tons)	878 ⁽¹⁾	4,880 ⁽¹⁾	5,538
Water vapor (in metric tons)	14,214	15,456	15,926.7

(1) Oil consumption has been reduced by 82% because Stahl China now purchases steam from outside suppliers and no longer produces it directly on-site with an oil-fired boiler.

3.2.3.3 Corporate citizenship

To be true to its role as global market leader, Stahl has a policy to be proactive in the area of corporate social responsibility (CSR). In 2011 the company had made an inventory of all options so as to work with a structured approach to sustainability and corporate citizenship.

Signature of the Global Compact

Stahl signed the Global Compact ⁽¹⁾ on January 1, 2012 and has since established these ten principles to guide its action:

1. Maintain its commitment to develop lines of finished products and research alternative raw materials and components;
2. Continue to develop water-based products and products with lower VOC content, applying the strictest directives as a reference;
3. Develop a leather product and a textile coating that are 100%-green, to be used to create new marketable products;
4. Apply local legislation as a minimum standard for ensuring the safety of local communities;
5. Advise and support customers in the use and disposal of Stahl's products;
6. Develop a global engineering plan so as to design the most efficient program for all production sites in terms of sustainability and cost-effectiveness (energy audit, carbon footprint, maintenance and replacement plan);
7. Study options to switch to green electricity and gas;
8. Raise awareness about waste, recycling and energy saving through internal campaigns;
9. Set up a waste reduction program per location;
10. Develop a code of conduct covering the majority of the principles set down in the UN Global Compact (human rights, labor laws, anti-corruption measures).

To report on its progress with these commitments, Stahl submitted its first Corporate Social Responsibility report to the United Nations in 2013. This mandatory annual report is available on Stahl's website, www.stahl.com.

Regional, economic and social impact of Stahl's business activities on employment and regional development and on neighboring or local populations

As a multinational company, Stahl has assumed responsibility for working with local communities and contributing to their growth.

In Europe, Stahl prefers to work with local suppliers and foster economic ties in the region. Stahl India hires residents close to the site under fixed-term contracts. Stahl China received the 2012 Economic Contribution Award, presented to leading companies that have made outstanding contributions to the economic and social development of the new Xuquan district west of Suzhou. Stahl Asia Pacific complies with Singapore labor law, particularly regarding workers under the age of 16 and adopts non-discriminatory employment practices in this city-state where the workforce is very diverse.

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

Stahl works closely with the world-renowned BLC Leather Technology Centre at the University of Northampton in the UK. Stahl employees regularly give lectures and presentations to the students there.

Stahl has also joined the Leather Working Group, an international group of companies active in the entire leather supply chain, including tanneries, chemical companies and leading consumer brands. Its aim is to find solutions to improve the industry's environmental impact, supply chain management and product sourcing.

Stahl also participates in Leather Naturally, an initiative of the leather industry to counteract calls by NGOs and special-interest groups to boycott leather.

Stahl India is a member of Sipcot, an organization recognized by the Indian government authorities. Its members are companies that must deal with issues relating to power, road infrastructure, water, pollution, etc.

Stahl India is also part of the National Safety Council, which organizes safety awareness events in companies such as lectures and guided tours. It also rewards companies that excel in safety.

Stahl China gives lectures at Sichuan University, which specialises in training for the leather and textile industry, and employs two of its students.

Stahl China also works with Chinese government offices for Planning, the Environment, and Health and Safety.

Stahl Asia Pacific works closely with local higher education institutions on student internship placement programs, particularly in the field of chemical process technologies. Stahl Asia Pacific sponsors a book prize recognizing students with the best academic performance, especially in the chemical process technology field.

(1) United Nations initiative launched in 2000 that aims to encourage companies around the globe to embrace socially responsible behavior. The Compact asks them to make a commitment to implementing and promoting a set of principles related to human rights, labor laws, sustainable development and anti-corruption measures.

Stahl Ibérica has agreements with the universities of Barcelona and EUETII-ESA (*Escola Universitaria d'Enginyeria Tècnica Industrial d'Igualada*, Igualada Technical Engineering & Leather School) and recruits students in their final year for practical work experience. Stahl Ibérica also recruits recently qualified graduates from the various universities in Barcelona to work in the company or at other group sites, such as in the Netherlands.

Stahl Ibérica liaises with various schools and the government employment service of Catalonia to offer students work experience as chemical analysts in a laboratory or operators in a chemical plant, for example. With the requisite number of hours of practical work experience, they can obtain a professional certificate before entering the job market. Lastly, Stahl Ibérica participates in the "Responsible Care" program run by FEIQUE, the Spanish Chemical Industry Federation, and is part of the COASHIQ commission for safety and hygiene in the chemical industry.

Partnership or sponsorship initiatives

Stahl Holdings has a restricted partnership policy and only supports initiatives that are related to its business activities, its local sites, or the

guiding principles of the United Nations Global Compact. Sponsored projects in 2012 included the following:

- Schoenenmuseum Waalwijk (Shoe Museum) – Stahl is a benefactor of the museum and has an exhibit presenting its technologies and expertise;
- Terre des Hommes – Stahl participated in a fundraising campaign in the Netherlands in September 2012. Stahl's employees donated clothing, leather goods and used mobile phones. The funds raised were invested in educational and sport-related projects for underprivileged children in India.

Stahl India makes yearly contributions to help fight leprosy and also donates to the Sri Ramakrishna orphanage. Stahl has also set up medical camps for women and children in nearby villages and donated medical supplies to children's homes.

Stahl China funds certain activities at Sichuan University.

Stahl Asia Pacific makes donations to the organizations in charge of the Charity Brisk Walk, in which some of its employees participate.

3.2.4 Mecatherm

3.2.4.1 Sustainable development, a continuous improvement area for Mecatherm

Mecatherm is constantly innovating in its bakery product development processes, in an effort to improve the profitability of production lines for its customers, while also offering training, preventive maintenance and online assistance services.

Mecatherm strives to design equipment that integrates very high standards in four areas: food safety, personal security, equipment preservation and environmental protection. Below are examples of initiatives in each area.

Food safety

- Developing new, particularly healthy fermentation agents;
- Reducing the consumption of edible oils mixed with dough during molding;
- Use of plastic food packaging and anti-retention meshes for product transport;
- Reducing the risk of dust.

Personal security

- Constantly improving access around equipment for cleaning;
- Simplifying equipment consigning operations;
- Reducing ambient noise.

Equipment preservation

- Widespread use of parts serving as a mechanical fuse to prevent damage to equipment following a protection incident;
- Redundant security systems.

Environmental protection

- Reducing energy consumption in ovens by reducing smoke temperatures and by reducing cooking time;
- Widespread replacement of lubricants and detergent products with technical plastics.

In addition, the group's machine motors are lubricated with 100% vegetable oil. In contrast to traditional motor oil, this oil is, by nature, recyclable. The use of cogeneration and water scoring (replacing blade scoring) is being examined.

3.2.4.2 Social data

Mecatherm's three locations are all in France: Alsace (Barembach), the Loire valley (Montilliers) and Normandy (Eu).

Employment

As of December 31, 2012, Mecatherm had 284 employees, compared with 302 as of December 31, 2011. The majority of employment contracts were full-time, permanent contracts. Fixed-term contracts

represented 5.2% of the total in 2012. Mecatherm plans to maintain the proportion of fixed-term contracts between 5% and 10%. The total workforce was composed of 19% managers and 81% non-managers.

Women made up approximately 10% of the workforce. Employees with disabilities represented 3.4% of the workforce.

Turnover from resignations was stable at around 3%. The absentee rate was 3.2%; Mecatherm aims to reduce this figure to under 3%.

	2012	2011	2010
Total workforce as of December 31	284	302	303
Average staff numbers	307	328	324
Fixed-term contracts* (in %)	5.2	8.1	4.6

* Calculated on average staff numbers.

Organization of working time

For most employees, the workweek is 37 hours long, distributed into three weeks of 39 hours and one week of 31 hours, with an 8-hour day granted as work-time reduction ("RTT") for non-management employees (excl. traveling staff). For traveling staff, both management and non-management levels, working time is measured on the basis of 218 days per year.

Labor relations

Mecatherm applies industry agreements, and all of its employees benefit from the sector's collective bargaining agreement.

Training

Fifty-eight percent of employees took part in training in 2012. Mecatherm's goal is to have at least one in two employees take part in training every year. In 2012, each employee who took part in training received about 7 hours of instruction.

Non-discrimination

Mecatherm reaffirms its commitment to improving the proportion of employees with disabilities in its workforce. To do this, Mecatherm works with the occupational health administration and the agencies that help place handicapped employees in adapting certain jobs so as to make them accessible to disabled people. In addition, Mecatherm makes no distinction between men and women, be it in hiring, in training or in career development. Men and women who occupy similar positions and geographic locations enjoy the same working terms and conditions. In accordance with regulatory requirement, a plan regarding equality between men and women was formalized in 2012.

The following table presents the indicators Mecatherm tracks.

Indicators	2012	2011	2010
Direct energy (gas) ⁽¹⁾ MWh	5,890	3,500	4,938
Indirect energy (electricity) MWh	1,425	1,512	1,156
Water m ³	2,045	1,820	1,706

(1) Year-on-year changes in gas consumption are partly due to heating the premises and the number of production line demonstrations performed by the laboratory at Mecatherm headquarters. The increase from 2011 to 2012 is attributable in part to the increased use of the lines for demonstrations of specific products such as bagels or flat breads.

Compensation

Total compensation paid in respect of 2012 was €6.8 million, about 7% less than in 2011. In addition, all employees benefit from the profit-sharing agreement.

Health and safety

In strict accordance with the law, Mecatherm has integrated employee safety into its priority objectives. Mecatherm maintains risk evaluation information up to date in a single document. The company has implemented systems to prevent risks, including chemical, psychosocial and road risks, which include initiatives conducted in conjunction with the Health, Safety and Working Conditions Committee (CHSCT). These include preparing an employee handbook, a set of principles, and more detailed medical examinations for certain employees. To carry out these prevention initiatives, the company makes sure that employees receive good information through training and that individual protection equipment is made available to them. The rate of accidents with lost work time (AR1) was 24.95 and the rate of serious accidents was 0.30.

3.2.4.3 Environmental data

The activities carried out at Mecatherm sites, mainly production line design and assembly, have little impact on the environment. Mecatherm has nevertheless taken steps to improve its energy efficiency.

Energy saving initiatives were launched in 2012, especially in heating. Posters were displayed and memos were circulated to inform employees and raise their awareness of the need for environmental protection in areas such as water management. Similar campaigns will focus on lighting, heating and paper consumption.

Mecatherm tracks water and energy consumption on its three sites.

As part of waste management, Mecatherm inventories waste produced on its sites, as presented in the following table.

Type of waste (in metric tons produced)	2012	2011	2010
Ordinary industrial waste and paper	35.46	84.2	99.0
Wood	26.18	55.4	56.6
Stainless and other steels	59.84	102.8	112.2
Fermentables (bread, dough, flour) ⁽¹⁾	59.93	13.2	8.3
Hazardous (electronic, electric)	-	1.5	-

(1) 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 specialized recycling companies.

3.2.4.4 Societal data

Promoting employment and regional development

Mecatherm strives to develop a local network of suppliers and sub-contractors (manufacturing).

For example, 16 of its 38 principal suppliers are located in Alsace. They represent 57% of production purchases. The apprenticeship tax is paid entirely to local schools.

Maintaining a dialogue with the community

Mecatherm maintains relationships with schools by organizing factory visits, where it presents careers in manufacturing; by providing internship

opportunities; through the participation of its engineers and managers in examination juries; and through talks given by its employees in universities and other higher education venues.

Furthermore, Mecatherm promotes employment through its work with regional employment agencies (government employment office, agencies for handicapped employment, local employment entities, metalworking industry body, placement agencies for workers laid off for economic reasons, etc.).

Mecatherm also takes steps to join the fabric of the local community by participating in public-interest projects (road repair, optical fiber cabling project study, etc.).

Finally, Mecatherm interacts with regional and local organizations, organizing factory tours with the Chamber of Commerce and Industry, and meeting annually with the local police and other emergency services.

3.2.5 Parcours

3.2.5.1 Human resources at Parcours

Employment

As of December 31, 2012, Parcours had 285 employees compared with 266 as of December 31, 2011, representing growth of 7% over the year. Women made up 28% of the workforce and filled 18% of management positions (13.5% in 2010). Parcours does not have any employees with disabilities but purchases supplies and certain services from work centers that do. All contracts are permanent and full time. The total workforce is 31% managers and 69% of skilled workers. Concerning labor relations, all employees benefit from a collective agreement regarding profit sharing.

Absentee rate

The absentee rate in 2012 was 2.6% (3.2% in 2011).

Training

Employees took part in 1,228 hours of training in 2012, 6% more than in 2011 (1,160 hours).

Compensation

Total payroll increased by 10.4% in 2012 (up 10.6% in 2011).

Health and safety

The rate of accidents with lost work time (AR1) was 25.07 in 2012 and the rate of serious accidents was 0.31 (0.12 in 2011).

3.2.5.2 Incorporating environmental considerations into Parcours' business activities

As a service provider in the automotive sector, Parcours is mindful of the needs of its customers, who are increasingly concerned about the impact of their car fleets on the environment. Amid constant growth in its network of agencies, Parcours is careful to build each new agency according to the principles of eco-construction. Parcours complies with legislation, in particular with regard to industrial and hazardous waste.

Promoting the environment in its sales efforts

Positioned as a fleet management partner, Parcours now offers a sustainability strategy as part of its long-term leasing services and provides its customers with support for implementing it.

There are three parts to the strategy:

- Environment – the car: institute a car policy that protects the environment by taking environmental performance into account

Parcours consolidates this indicator over all the vehicles it leases.

	2012	2011	2010
Number of cars in the entire fleet	25,554	23,500	21,500
Average CO ₂ emission per car (g/km)	123.9	129.8	135.4
Change	-4.6%	-4.1%	-3.8%

Between 2007 and 2012 the average level of CO₂ emitted by Parcours' entire car fleet was declined steadily by 16.62%, from 148.6 g/km to 123.9 g/km.

Specific initiative in 2012: a new partnership was announced between Renault, DHL and Parcours to equip DHL France with 30% of electric vehicles in its fleet by 2015.

Building new Parcours agencies based on ecological principles

Each new agency is built according to specifications that will be reinforced for future projects regarding the workshop design (flow management) and the building's construction (energy efficiency). These specifications integrate HQE-inspired (high environmental quality) criteria, such as:

- integrating the building into its immediate environment;
- managing energy by ensuring the building's thermal performance;
- managing rainwater and wastewater and limiting soil sealing;

when building a vehicle fleet (choice of engine type or options, CO₂ emissions);

- Social – the driver: raise awareness among employees about security and eco-driving techniques (theoretical and practical training on a circuit or simulator);
- Economic – return on investment: create a virtuous circle so that environmental and social investments are economically viable and sustainable in terms of total cost of ownership (lower fuel budgets, fewer accidents, fewer fines, lower taxes, etc.).

So that customers can measure the impact of their initiatives, Parcours offers them the ability to monitor the trend in the CO₂ emissions of their vehicle fleets.

- comfortable natural and artificial lighting;
- integrating charging stations for electric vehicles.

In 2013, Parcours plans to open a "Pilote 3D" agency in Bordeaux, France and a new Paris site that will house its headquarters, five sales offices, a used vehicle sales center and a repair shop.

Managing industrial waste generated by repair shop activities

Regulations regarding industrial and hazardous waste (for example, used motor oil) are strict, and Parcours repair shops comply scrupulously with them. Waste is handled and recycled by accredited companies (EPUR, Veolia, etc.).

As an example, in 2012, the volumes treated were as follows:

- tires: 9,300;
- oil: 23,390 liters.

3.3 Statutory auditors' attestation and assurance 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.

Wendel

Year ended December 31, 2012

To the Executive Board,

In accordance with your request and in our capacity as statutory auditors of Wendel, we hereby report to you on the consolidated social, environmental and societal information presented in the management report issued for the year ended December 31, 2012 in accordance with the requirements of Article L. 225-102-1 of the French commercial code (*Code de commerce*).

Management's Responsibility

The Executive Board is responsible for the preparation of the management report including the consolidated social, environmental and societal information (the "Information") in accordance with the requirements of Article R. 225-105-1 of the French Commercial Code (*Code de commerce*), presented as required by the entity and its subsidiaries' internal reporting standards (the "Guidelines") and available at their respective Headquarters.

Our Independence and Quality Control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession (*Code de déontologie*) and Article L. 822-11 of the French commercial code (*Code de commerce*). In addition, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independent verifier's responsibility

It is our role, on the basis of our work:

- To attest whether the required Information is presented in the management report or, if not presented, whether an appropriate explanation is given in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (*Code de commerce*) and Decree no. 2012-557 dated 24 April 2012 (Attestation of presentation);
- To provide limited assurance on whether the other Information is fairly presented, in all material respects, in accordance with the Guidelines (limited assurance).

1. Attestation of presentation

Our engagement was performed in accordance with professional standards applicable in France:

- We compared the Information presented in the management report with the list as provided for in Article R. 225-105-1 of the French Commercial Code (*Code de commerce*);
- We verified that the Information covers the consolidated perimeter, namely the entity and its subsidiaries within the meaning of Article L. 233-1 and the controlled entities within the meaning of Article L. 233-3 of the French Commercial Code (*Code de commerce*) within the limits specified in the paragraph "Encouraging subsidiaries to integrate CSR" of the management report (page 95);
- In the event of the omission of certain consolidated Information, we verified that an appropriate explanation was given in accordance with Decree no. 2012-557 dated 24 April 2012.

We wish to make the following comment on the Information presented in the management report:

- As described in the paragraph "Encouraging subsidiaries to integrate CSR", on page 95 of the management report, the Information is presented for each majority-owned subsidiary of Wendel and is not consolidated as specified in Article R. 225-105-1 of the French Commercial Code (*Code de commerce*).

2. Assurance report

Nature and scope of the work

We conducted our engagement in accordance with ISAE 3000 (International Standard on Assurance Engagements) and French professional guidance.

We performed the following procedures to obtain a limited assurance that nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

A higher level of assurance would have required us to carry out more extensive work.

Our work consisted in the following:

- We assessed the suitability of the Guidelines as regards their relevance, comprehensiveness, neutrality, understandability and reliability, taking into consideration, where applicable, the good practices in the sector.
- We verified that the group had set up (especially for Wendel and its subsidiaries Bureau Veritas and Materis which respectively account

for 81% and 15% of the headcount among Wendel's majority-owned subsidiaries) a process for the collection, compilation, processing and control of the Information to ensure its completeness and consistency. We examined the internal control and risk management procedures relating to the preparation of the Information. We conducted interviews with those responsible for social and environmental reporting.

- For Wendel, we selected the consolidated Information to be tested and determined the nature and scope of the tests ⁽¹⁾, taking into consideration their importance with respect to the social and environmental consequences related to the group's business and characteristics, as well as its societal commitments.
 - Concerning the information that we deemed to be the most important, we verified the calculations made as well as the consolidation of quantitative information and we conducted interviews and reviewed the related documentary sources in order to corroborate this information and assess its fairness.
 - As regards the other consolidated information published, we assessed its fairness and consistency in relation to our knowledge of the group and, where applicable, through interviews or the consultation of documentary sources.
- For Bureau Veritas, we verified that the Information published in Wendel management report is in line with the Information verified by the statutory auditors of Bureau Veritas.
- For Materis, we selected the consolidated Information to be tested ⁽²⁾ and determined the nature and scope of the tests, taking into consideration their importance with respect to the social and environmental consequences related to the group's business and characteristics, as well as its societal commitments.
 - Concerning the quantitative consolidated information by Materis that we deemed to be the most important:
 - At the level of Materis and its 4 entities, we implemented analytical procedures and, based on sampling, verified the calculations and the consolidation of environmental and social information ;
 - At the level of the sites that we selected ⁽³⁾ based on their business, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that the procedures were correctly applied and we performed tests of detail based on sampling, consisting in verifying the calculations made and reconciling the data on environment and safety with the supporting documents.

The sample thus selected represents on average 21% of the quantitative environmental information tested for Materis

- Concerning the qualitative consolidated information that we deemed to be the most important, we conducted interviews at the level of the 4 entities and reviewed the related documentary sources in order to corroborate this information and assess its fairness.
- As regards the other consolidated information published by Materis, we assessed its fairness and consistency in relation to our knowledge of the company and, where applicable, through interviews or the consultation of documentary sources.
- Finally, we assessed the relevance of the explanations given in the event of the absence of certain information.

Comments on the Guidelines and on the Information

- The definition, collection and consolidation processes of environmental, social and societal data are currently being structured in the three subsidiaries Stahl, Parcours and Mecatherm. These three subsidiaries respectively account for less than 2% of the headcount among Wendel's majority-owned subsidiaries.
- As a signatory of the charter produced by AFIC, Wendel should specify how the company takes into account CSR issues at every phase of the investing life cycle of its subsidiaries and associated companies. Consolidated indicators could be put in place to follow subsidiaries' operational performance.
- We wish to make the following comment on the Information published by Bureau Veritas: work is required to homogenise reporting rules and methods, and to reinforce internal control. Environmental information covers different perimeters, representing between 25% and 64% of the total group workforce. Regarding the accident rate, different definitions exist at group level and at country level. This coexistence implies the need to reinforce the controls on reported information. Regarding the total training days, Bureau Veritas presents information limited to France. Extending this reporting perimeter would imply clarifying and homogenising definitions of training categories that are taken into account, and putting in place internal control procedures aimed at checking the exhaustivity of reported information.
- We wish to make the following comment on the Information published by Materis: special attention should be paid to the harmonisation of safety indicators' guidelines and reporting methodologies between the four entities of the Materis group. Regarding social indicators, different reporting definitions coexist among the four entities of the

(1) Headcount, salary and their evolution, training policies, the company's organization to take into account ESG criteria in subsidiaries management

(2) Headcount and distribution of employees, hiring and dismissals, training policies, salary and their evolution, absenteeism, occupational health and safety policy, human rights, raw materials consumption, water and energy consumption, climate change, ISO 14001 certifications, air emissions (VOC, SOx, NOx), water emissions (COD, TSS), hazardous and non hazardous wastes, economic and social impact of the company, stakeholder relations issues, subcontracting and suppliers, customers safety, fair operating practices.

(3) Industrial sites of Dunkerque, La Bridoire, Champagné, Sermaises and Singapour.

Materis group. This coexistence implies the need to reinforce the controls on reported information. The reader should note the limited perimeter specified in the guidelines on page 109.

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that the Information is not fairly presented, in all material respects, in accordance with the Guidelines.

Paris-La Défense, 5th April 2013

The Independent Verifier

ERNST & YOUNG et Associés

French original signed by:

Eric Duvaud