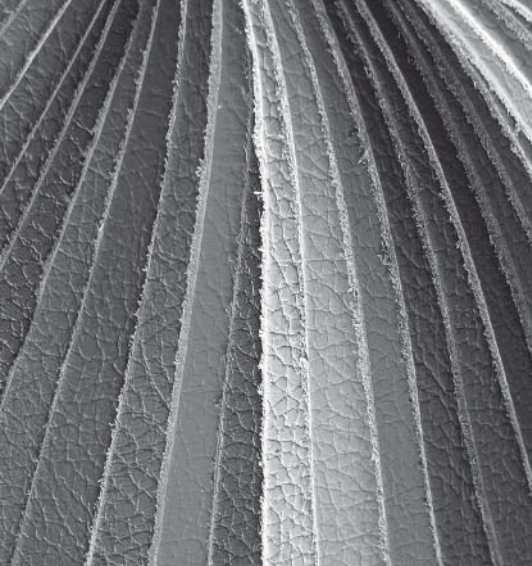


Registration document 2013
including the annual financial report


W E N D E L



“Investing for the long term
is a rewarding enterprise”



WENDEL'S 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 gradually integrate CSR issues in their risk management and growth strategies.

In 2009, Wendel signed a charter produced by AFIC, the French association of private equity firms. 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 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 environment 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 come 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 the Company to prevent market

abuse. The main obligations contained in this Code are described in section 2.1.6 of this registration document. The 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 by its consolidated subsidiaries using a questionnaire, as part of its analysis of risk factors related to their business activities.

The questionnaire is based on the reference framework of the *Autorité des Marchés Financiers* (AMF) and mainly deals with the following areas: definition and formal communication of delegations of power, regular reviews of how duties are separated and how the organization enables each individual's responsibilities to be identified and conflicts to be resolved, verification by subsidiaries that the variable compensation policy for its senior executives does not increase the risk of fraudulent conduct, and the implementation of a code of conduct or ethics to deal with conflicts of interest, irregular or fraudulent payments, competition barriers and insider trading.

3.1.2 Implementing a CSR strategy adapted to a small investment team

Wendel's human resources policy

Small, experienced and diversified workforce

Wendel strives to hire and develop excellent talent and to create the best possible working environment for its employees.

As of December 31, 2013, Wendel and its holding companies employed a total of 79 people.

Half of Wendel's 59 employees in France (expatriates not included) are directly involved in investing activities. In addition to an investment team of 18 people and the senior management team, about ten 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, Tax, Communications & Sustainable Development and Operational Resources departments.

Wendel has offices in the Netherlands, Luxembourg, Germany, Japan, the United States, Singapore and Morocco, supporting Group companies as they expand in Europe and Asia. The companies in the Netherlands (since 1908) and Luxembourg (since 1931) also act as holding companies.

Wendel established a presence in Germany (Frankfurt) and Japan (Tokyo) in 2007. In 2013, to support its international development, Wendel opened subsidiaries in New York, Singapore and Casablanca. As a result, the number of its employees outside France increased from ten as of December 31, 2012 to 20 as of December 31, 2013, through local recruitment and the transfer of five employees from France.

Employees* in France: staff numbers and changes	12/31/2013			12/31/2012			12/31/2011		
	Non-management	Management	Total	Non-management	Management	Total	Non-management	Management	Total
Total workforce	13	49	62	15	51	66	16	48	64
<i>of which Women</i>	8	20	28	9	23	32	10	19	29
<i>Men</i>	5	29	34	6	28	34	6	29	35
New hires	-	3	3	-	7**	7**	1	3	4
<i>of which Women</i>	-	1	1	-	5	5	1	2	3
<i>Men</i>	-	2	2	-	2	2		1	1
Departures	2	5	7	1**	4	5**	1	3	4
<i>of which Women</i>	1	4	5	1	1	2	1	2	3
<i>Men</i>	1	1	2	-	3	3		1	1

* Employees in France with permanent contracts, including three management-level expatriates.

** Including one change in employee category.

In 2013, Wendel employed three people on fixed-term contracts for a combined total of nine months and two temporary employees to replace staff on maternity leave.

In 2013, 43% of management-level employees at the head office were women (*i.e.* 20 out of 46).

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 €10.2 thousand in 2013.

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 France, 54 employees (permanent and fixed-term contracts combined) completed at least one external training course in 2013, for a total of more than 1,640 hours of training. They mainly strengthened their skills in communications techniques and foreign languages and, to a lesser extent, office software. Two of the employees who received outside training in 2013 expanded their skillsets by successfully completing programs leading to a diploma.

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

Labor relations and working conditions

Working conditions and relationships are improved by offering support to managers, holding regular meetings with the staff and maintaining close dialogue with staff representatives on the Works Council (CE)

and the Health, Safety and Working Conditions Committee (CHSCT). In this way, Wendel can implement the measures that most closely match staff expectations.

To help employees better reconcile their professional and family responsibilities, since 2010 Wendel has offered to obtain and finance daycare services for the children of employees who request them. In 2013, Wendel financed daycare for 14 children, for the benefit 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 were no work injuries in 2013.

Promotion and application of the ILO's fundamental conventions

Wendel manages its human resources in accordance with the ILO's core conventions. France has ratified the eight fundamental ILO conventions on forced labor, on the freedom of association and protection of the right to organize, on the right to organize and collective bargaining, on equal remuneration, on the abolition of forced labor, on discrimination, on the minimum age for admission to employment and on all forms of child labor.

Wendel protects the freedom of association and the right to collective bargaining.

Wendel SA does not operate in countries with a high risk of violation of workers' rights, and therefore has not encountered any issues with applying these conventions.

Compensation policy in line with Wendel's interests

Wendel's compensation policy aims to align the interests of employees with those of shareholders, whether through variable pay, collective performance bonuses 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 2013 was approximately €12.26 million, up 9.5% vs. 2012.

Wendel has also had a collective performance bonus in place since 2006. The performance criteria established in 2012 were met in 2013: accordingly, beneficiaries will receive an amount of up to €18,516 in 2014, corresponding to a maximum of 12.5% of the compensation

they received in 2013. In addition, the dividend increase prompted Wendel to pay employees 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.

Grant of stock options and performance shares

In addition to the two Executive Board members, 66 employees received stock options and performance shares by virtue of the authorization granted at the Shareholders' Meeting of May 28, 2013 and the Executive Board's decision on July 1, 2013.

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

A history of stock-option and performance share plans is provided in tables 8 and 9 of section 2.1.7.

The table below indicates, for the period from January 1 to December 31, 2013:

- 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 Group employees who were granted the largest number of options	93,750	€82.90
Options exercised during the year by the ten employees who exercised the most options	110,725	€34.87 ⁽¹⁾

(1) In 2013, these options were exercised at €39.98 (WI 3-1 plan), €65.28 (WI 3-2 plan), €67.50 (W 1-2 plan), €22.58 (W 2-1 plan) and €44.32 (W 3 plan).

The total number of performance shares awarded during the year to the ten employees in the Group who received the largest number of such shares was 21,500.

Capital increases through the Group Savings Plan

For more than 25 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, 2013, excluding corporate officers, employees held 0.44% of the capital of Wendel via the Group savings plan.

In July 2013, the Executive Board decided to carry out a capital increase. 96% of eligible employees subscribed and were allocated a total of 21,475 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, 2013, more than 40% of employees had invested in the pension plan.

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 category, provided they retire while employed by the Company. This plan was closed on December 31, 1998. The supplementary pension plan guarantees each employee beneficiary an overall level of retirement income. This income is expressed as a percentage of end-of-career compensation (fixed + variable excl. extraordinary amounts). It increases in relation to the employee's age and seniority up to a maximum of 65% of the salary. The pension plan provides for a payout of 60% to a surviving spouse as of the date of the employee's retirement, and includes supplements for dependent children.

Benefits financed by the Group under this supplementary plan are calculated by deducting the total amount of pensions financed by Wendel while the employee served in the Group from the guaranteed amount. Since 2005, the company transfers the assets necessary to service pension benefits to an insurance company, which makes payments to the beneficiaries.

There are currently 47 retirees and 11 employees of the Company who benefit from the plan. One beneficiary was a member of the Supervisory Board in 2013 (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 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 regularly communicates with its principal shareholder, Wendel-Participations, and makes presentations to its governing bodies.
- Wendel maintains an ongoing dialogue with its individual shareholders.

Wendel's Shareholders Advisory Committee was created in 2009. Its 12 members met four times in 2013. 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 October 2013, Wendel held a regional shareholders' meeting at Centre Pompidou-Metz, 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 2013, Wendel met with more than 310 stock and bond investors during its road shows (in France, United Kingdom, Germany, Switzerland, Spain, United States, Canada, Japan and Singapore) and meetings at its head office.
- As a listed company, Wendel contributes to marketplace discussion by participating in the work of all the major professional and financial market organizations, of which it is a member: Afep, Medef, AFIC, Paris Europlace, ANSA (Association Nationale des Sociétés par Actions), and so on.

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. Accordingly, Wendel 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 1.10 "Group companies".

Wendel Group companies translate their sustainable development policies into action plans that take into account the company's specific characteristics and maturity in the field. The main CSR issues of the five subsidiaries in which Wendel is the majority shareholder are briefly summarized below.

In 2013, the scope of the independent third party's report on social, environmental and societal information was extended to include Stahl, Parcour and Mecatherm (see page 145).

Bureau Veritas

For Bureau Veritas, Wendel's first associate company, listed on Euronext Paris and included in the Next 20 index (Compartment A, code ISIN FR 0006174348, 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 2013.

Bureau Veritas is the world's second-largest provider of compliance and certification services in the areas of quality, health and safety, environment and social responsibility.

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. A training program for managers, called BV Academy, was launched in 2013 to train all managers in customer relations, operational excellence and team management. About 800 managers were trained in 2013.

The safety of its own employees is another priority for Bureau Veritas, which is why management teams are being held more accountable in this area. The Chief Executive Officer and the members of the relevant department systematically review all serious accident investigation reports. Several prevention campaigns, in particular to reduce road safety and chemical risks, have been rolled out.

Materis

For Materis, the biggest unlisted company in Wendel's portfolio, Wendel publishes information, verified by an external party, in the areas covered by Article L.225-102-1 of the French Commercial Code.

Materis, an international leader in specialty chemicals for construction, has four businesses: admixtures (Chryso), aluminates (Kerneos, in the process of being sold), 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 conducting environmental risk audits at all of its sites, the group has been able to define an environmental roadmap for each one.

- Employee health and safety

Safety is one of the foundations of the Materis culture and is integrated into the general management of the group. 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

Over 25% of Materis' sales are generated by products launched within the past five years.

Stahl

Stahl is the world leader in high-performance coatings and leather-finishing products. Its registered office is in the Netherlands and it employs 1,178 people. As a manufacturer of chemical products, Stahl considers its major environmental and social responsibility challenges to be the health and safety of its employees and product innovation to minimize the environmental footprint of its products. Stahl has launched a continuous improvement process in the area of its employees' health and safety. In every country, employees are required to attend certain training programs to raise their awareness of these issues. New employees in production facilities or laboratories undergo specific induction training. Refresher programs are regularly offered to all staff.

This process has proven to be effective, resulting in a decline of more than 70% in the lost work injury frequency rate 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 ecological product design.

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 strives to design equipment that integrates high standards, particularly in four areas: food safety, personal security, equipment preservation and environmental protection.

Parcours

Parcours is an independent vehicle leasing specialist in France with 328 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; for every new construction, the list of specifications uses French standards of high environmental quality ("HQE") as a reference.

3.2.1 Bureau Veritas ⁽¹⁾

3.2.1.1 Social data

Human resources objectives and challenges

Bureau Veritas primarily employs engineers, technicians and other personnel who are experts in quality, health and safety, environmental protection and social responsibility (QHSE). The skills, motivation and expertise of its staff give Bureau Veritas a major competitive advantage that will drive its future growth.

As an employer, Bureau Veritas aims to create development and training opportunities for its employees while promoting diversity. In addition, the core business of Bureau Veritas, QHSE, contributes to environmental protection, risk reduction and quality improvement and is a significant source of pride and motivation for its employees.

Bureau Veritas has identified several human resource management challenges for the group:

- preparing future leaders, who are essential to the group's growth;
- efficiently integrating employees from newly acquired entities while offering them an environment that respects their diversity;
- developing new skills to deliver the solutions and innovations that customers expect;

- attracting employees with the required skills, build their loyalty and motivate them to attain operational excellence;
- reinforcing collaboration and sharing of best practices in an environment of business growth and geographic expansion; and
- promoting diversity in a group encompassing a wide variety of career opportunities and operating on all continents.

To meet these challenges, Bureau Veritas has built up a network of about 700 HR professionals around the world. Their work is coordinated by a central human resources department.

This group-level department is organized into three main focus areas:

- organization development, career management and talent development;
- compensation and benefits policies; and
- HR processes and information systems.

The main components of the HR policy developed by Bureau Veritas in response to its challenges are presented below.

Building the workforce

Since its IPO in 2007, Bureau Veritas' workforce has grown significantly: it had 61,581 employees as of December 31, 2013 vs. 33,018 employees as of December 31, 2007, an 86% increase. Compared with 2012, the workforce has grown by 5%. Bureau Veritas has employees in 140 countries.

(1) The following is a summary: the full Bureau Veritas CSR report is available in French at www.bureauveritas.fr

In number of employees	2013	2012	2011
Europe	14,027	14,524	14,491
of which France	7,630	7,754	7,654
Africa, Middle East and Eastern Europe	9,571	8,292	7,094
North and South America	16,253	15,872	12,726
Asia-Pacific	21,730	20,236	17,837
TOTAL WORKFORCE	61,581	58,924	52,148

One key element of the HR policy of Bureau Veritas is external recruitment to support its development, in particular in high-growth regions (Asia-Pacific, the Middle East and Latin America). Bureau Veritas has therefore taken steps to enhance its employer brand. It has a great deal to offer to employees in terms of variety of career opportunities, geographic mobility and sharing of know-how.

Growth through acquisition is also an important factor of workforce management. Bureau Veritas made seven acquisitions in 2013, representing an additional 2,328 employees in its workforce. Specific onboarding programs have been designed to ease and accelerate the integration of employees from newly acquired entities.

	2013	2012	2011
New hires ^(a)	12,654	13,017	11,093
Acquisitions	2,328	4,476	9,154
Dismissals	4,978	3,410	2,832
Resignations	7,790	7,185	5,939

(a) External recruitments for contracts of 12 months or more.

Voluntary employee turnover (the resignation rate) has remained relatively stable: 12.9% in 2013 vs. 12.6% in 2012. The highest rates were observed in Asia and the Middle East, which are fast-growing regions with a very strong demand for qualified workers.

Developing skills

The highly skilled workforce of Bureau Veritas is one of its biggest assets. Skills development is achieved through continuous learning on the job and through training. Technical training is required to keep employees up to date with new standards and regulations, inspection methods (sampling, analyses, nondestructive testing, measurements, etc.), the technical characteristics of the products, processes or equipment, etc. they are inspecting and rules of safety and ethics.

Investing in training

Most training initiatives are managed locally by the technical departments of each division. This ensures that the training meets the specific regulations and standards of each country.

Maintaining staff qualifications

Technical skills are not developed through training alone.

Bureau Veritas provides services in many different fields, for which a large range of technical qualifications are required. Qualification management is vital because it ensures that employees have the technical skills required to perform their work.

The technical departments of each division are in charge of managing employee qualifications and setting up the relevant training programs. At each stage in the qualification process, employee skills are verified by these departments and are also audited by accreditation bodies (e.g. COFRAC, IACS and UKAS).

Employees must complete several steps in a process before obtaining a qualification, which cover initial training (including sponsorship), supervision, and continuing education. Technical information meetings are also held locally to maintain employee skills. Job descriptions specify which skills are required to perform the work and are updated on a regular basis. For example, a new evaluation method is being introduced in laboratories, to identify risks of noncompliance of the tests performed by Bureau Veritas on behalf of its customers. The employees who perform the tests are observed and assessed based on detailed criteria.

These evaluations help to ensure not only that employees have assimilated their training but also that they have been informed of changes to working methods, tools or standards and are applying them correctly.

Developing management skills

BV Academy is a management development program run by Bureau Veritas' top-level HR department and delivered worldwide. These three-day interactive sessions bring together managers from all departments in a given geographic region to promote a group-level

approach and reinforce a shared culture at Bureau Veritas. They cover three themes: customer orientation, operational excellence and team management.

Sharing best practices and know-how

Bureau Veritas' Knowledge Management teams have created communities of experts to assist operational teams. The Knowledge Management process helps each group entity share best practices and respond to the needs of global customers with the same level of quality. A hundred or so communities of practice exist to enable thousands of specialists and experts to interact.

Encouraging diversity

Bureau Veritas encourages diversity, which it considers to be a source of growth and performance. Diversity policies have been developed in 16 countries. They address gender equality, ethnic diversity and the employment of people with disabilities, among other issues. A few examples are provided below.

Promoting gender equality

One of the Bureau Veritas' diversity goals is to improve the proportion of women in its workforce over the next few years. As a general rule, women tend to be underrepresented in the fields in which Bureau Veritas operates. The global workforce is 70% male and 30% female. Women account for 15% of managers. This figure varies from one division to another. In France, Bureau Veritas publishes an annual report on gender equality. A company-wide agreement on the subject was signed on December 15, 2011. It sets out meaningful, pragmatic goals for the continuous improvement of gender equality, initiatives to be implemented, and tracking indicators in the following areas: awareness-raising and communications, recruitment, training, promotions, compensation, and balancing professional and family responsibilities.

Organization of work and labor relations

In addition to ensuring their safety, which is an absolute necessity for the group, Bureau Veritas also strives to provide employees with a supportive work environment that promotes their wellness. In the United Kingdom, Bureau Veritas was named one of Britain's Top Employers 2013. This certification was awarded by CRF Institute, an independent organization, to acknowledge the excellent working conditions that Bureau Veritas offers its employees.

Organization of work

Human Resources Directors are in charge of organizing work and working time in compliance with local regulations. The diversity of occupations within Bureau Veritas is such that work has been organized differently for each type of business activity, depending on whether employees are based in one location (laboratory activities) or mobile (inspection activities). Working time varies according to the country and applicable legislation.

For example, in France, for Bureau Veritas SA and its subsidiaries, 556 employees work part-time, accounting for 7.3% of the workforce.

Absentee rate

Absences are monitored locally in compliance with local labor codes and regulations. In 2013, the absentee rate in France (Bureau Veritas SA and French subsidiaries) was 3.4%. This rate reflects the total number of days of absence from work due to covered illnesses, work injuries, commuting accidents, authorized leave and other causes.

Labor relations

Bureau Veritas supports the work of employee representative bodies. Works Council members attend Board of Directors meetings. 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. Staff committees have also been established in Singapore, Vietnam, the United States, Spain, France, Belgium, the United Kingdom, Canada and Malaysia. In China, a discussion meeting open to all staff is held each year to talk about subjects such as training and career development. In March 2013, Bureau Veritas created a European Works Council made up of about 30 representatives of European countries. More generally, Bureau Veritas encourages open communication and the sharing of ideas and 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. Opinion polls and employee satisfaction surveys are regularly conducted at the local level.

Collective agreements

Collective agreements were signed in 16 major countries (Argentina, Australia, Brazil, Chile, France, India, Italy, Mexico, the Netherlands, Peru, Russia, Singapore, Spain, Ukraine and Vietnam). They cover various human resources issues such as the organization of working time, compensation policy, working conditions and measures to promote health and safety.

The application of group policy at Bureau Veritas SA France resulted in the signing of 14 company-wide agreements currently in force. They cover various employment aspects, such as worktime organization, worktime reduction and gender equality, as well as conditions governing labor-management dialogue and the functioning of employee representative bodies. In 2013, a new agreement was signed regarding the means of communication used by employee representative bodies.

Motivating employees with fair compensation

Bureau Veritas offers attractive and motivating compensation plans aligned with labor market practices in all countries in which the group operates. The group regularly conducts international salary surveys to ensure that it maintains its favorable positioning and is able to attract the best candidates while rewarding employees in line with their level of commitment and performance. Variable compensation plans, based on both individual and collective performance, contribute to aligning manager performance with Bureau Veritas' growth. The bonus plan for managers acts as an incentive. Bureau Veritas also seeks to build loyalty among managers by awarding subscription-type and purchase-type stock options and/or bonus shares as part of its long-term incentive policy.

3.2.1.2 Health, Safety & Environment (HSE)

HSE policy

The Health, Safety & Environment (HSE) policy of the Bureau Veritas group has been developed to meet the following objectives:

- integrating a large number of new employees into a growing group each year;
- harmonizing local HSE practices in an international network of 140 countries;
- conducting a diverse range of business activities with different HSE risks;
- performing work at client sites in work environments not controlled by the group; and
- preventing and protecting against road risks during business travel.

Strong commitment from management

For Bureau Veritas, safety is an absolute necessity, *i.e.* a non-negotiable value without which it cannot conduct its business.

The group's executive management has made a commitment, by signing a group "HSE Statement", to make safety at work, health, and the environment a fundamental part of the corporate culture. It is a strong statement demonstrating Bureau Veritas' sustainable commitment to continuously improving its HSE performance.

The statement is available on the company's website (www.bureauveritas.com). It was updated in 2013 to better reflect the challenges facing the group and includes the following points:

Global and local HSE organization

Bureau Veritas has set up a central HSE organization managed by the group HSE Director and the HSE Directors of each department. They define the group's HSE strategy. In addition, there are local HSE managers, who are in charge of implementing HSE policies in the network of agencies, while taking into account local constraints related to the diversity of business activities, languages and cultures involved and applicable regulatory requirements.

Bureau Veritas' HSE Director is also assisted by the Health, Safety and Environment Leadership Group (HSE-LG), a committee of experts who help to define the group's HSE strategy, in particular by helping to choose the major prevention campaigns to be implemented to promote safety and protect the environment.

Quarterly conference calls and an annual conference keep HSE teams in touch and provide them with opportunities to share best practices, select resources to be mobilized, and validate the content of the global tools that are proposed.

Two special committees were also created to address particularly significant risks:

- Asbestos Committee

This committee created in 2013 is made up of the most experienced members in the HSE network;

- Ionizing Radiation Committee

Created in 2008, this committee is made up of representatives from the related businesses;

Health and safety conditions at work

Health and safety indicators

Bureau Veritas monitors health and safety indicators in every country where it operates. The indicators have been defined in accordance with the guidelines issued by the World Health Organization. The following health and safety indicators are monitored by Bureau Veritas:

- Total Accident Rate (TAR);
- Lost Time Rate (LTR);
- Accident Severity Rate (ASR);
- Number of fatalities (FAT).

These data enable Bureau Veritas to determine the causes of injuries and monitor the required corrective and preventive initiatives.

Indicator	Unit	2013	2012	2011
Total Accident Rate (TAR)	Number of accidents with or without lost work time x 200,000/Number of hours worked	0.85	1.37	-10% per year
Lost Time Rate (LTR)	Number of accidents with lost work time x 200,000/Number of hours worked	0.38	0.60	-10% per year
Accident Severity Rate (ASR)	Number of lost workdays x 1,000/Number of hours worked	0.03	0.07	-
Fatality (FAT)	Number of deaths	4	1	None

In 2013, Bureau Veritas significantly improved its safety indicators, most of which improved by more than 40%.

Environmental data

As a service provider, Bureau Veritas' impact on the environment is low. It is mainly attributable to business travel and office consumption of electricity. Bureau Veritas has nevertheless made a commitment to minimize its use of resources and production of waste to reduce its environmental footprint. The group draws up annual reduction targets and implements specific programs to reduce its impact where it is significant. Bureau Veritas invested in local environmental initiatives in 2013. Environmental data are tracked locally.

World environment day

Four trophies in 2013

More than 75 events were organized around the United Nations' "Think. Eat. Save" theme. For more information: <http://www.unep.org/wed/2013/> Colombia won the Creativity award for its awareness-building and behavior-change initiatives featuring superheroes sharing best environmental practices.

The Education award went to the Raw Materials department in India, for its awareness-raising and lifestyle and behavior improvement

initiatives targeting not only employees, but the general public and the Ministry for the Environment of the state of Tamil Nadu as well. Vietnam was distinguished with the "Think. Eat. Save" award recognizing its initiatives to involve employees in every stage of the food product life cycle and promote waste-reduction best practices. A special award was presented to the Consumer Products department for its overall contributions to the celebration of World Environment Day.

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 group.

To meet the reduction targets set by the group, local action plans are implemented, documented and communicated. The actions involve changing attitudes (*via* information campaigns, etc.), changing behaviors (e.g. regulating watering systems, controlling inside temperatures, optimizing lighting) and changing management practices (procedures, systems, etc.).

Changes in consumption, calculated as a percentage over a constant scope from 2012 to 2013, are presented in the table below.

In 2013, there were an average of 19,742 employees working in offices and 14,293 employees working in laboratories.

Indicator	Unit	2013	2012	Change at constant scope	Average workforce covered
Energy	MWh/person/year				
Offices		2.07	2.92	-29%	16,143
Laboratories		6.19	5.47	+13%	14,217
Water	metric tons/person/year				
Offices		17.57	16.24	+8%	7,610
Laboratories		39.71	40.44	-2%	11,946
Paper	kg/person/year				
Offices		21.60	22.18	-3%	19,352
Laboratories		46.26	56.85	-19%	12,320

The following table shows in gross consumption in 2013.

Indicator	Unit	2013
Energy	MWh	
Offices		33,361
Laboratories		87,937
Water	metric tons	
Offices		133,733
Laboratories		474,346
Paper	metric tons	
Offices		418
Laboratories		570

Energy data include electricity and gas consumption.

Efficient energy use

2014 targets in France:

For sites with electric heating systems:

Electricity consumption: 2,500 kWh/employee and 200 kWh/m².

For sites with other types of heating systems:

Electricity consumption: 1,200 kWh/employee and 100 kWh/m².

Fuel consumption

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

To reduce this consumption, Bureau Veritas introduced an e-learning module to promote energy-efficient driving techniques. Phone- and video-conferencing solutions are also frequently used to reduce travel. Local Bureau Veritas entities also launched programs based on their specific situations.

For example, in France, vehicles over three years old are being replaced by more energy-efficient models to reduce average fuel consumption per vehicle.

The Bureau Veritas head office is also considering the use of an electric vehicle fleet for travel within the Paris region.

Reduction of the environmental impact of business travel

2013 performance for France

Indicator	Progress
Compliance with travel policy	99.35% of policy-compliant travel
Specific training for 100% of employees having travelled more than 40,000 km in 2012 or who use trailers	91%
Weighted average of nominal CO ₂ emissions for new vehicles leased in 2013 of less than 112 g CO₂/km	101 g CO ₂ /km
Weighted average of nominal fuel consumption (combined cycle) for new vehicles leased in 2013 of less than 4.2 L/100 km	3.9 L/100 km

Pollution and waste management

Bureau Veritas considers that the environmental footprint of its office-based and inspection activities is limited to its use of air conditioning in offices, which could leak refrigerant gas, and its use of motor vehicles to travel to its customers' premises. To reduce the environmental impact of its emissions, the group takes out appropriate maintenance agreements and regularly updates its vehicle fleet.

For its laboratory activities, Bureau Veritas implements measures to prevent emissions to the air or water. These 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.

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

Measures to prevent, recycle and eliminate waste

In terms of volume, the principal form of waste produced by the business activities of Bureau Veritas is paper. To reduce paper consumption and prevent the generation of waste, Bureau Veritas has implemented many initiatives in its entities to replace printed reports with electronic formats.

Other types of waste generated by the group, such as cardboard, plastic, glass, batteries, lightbulbs, electrical and electronic equipment, chemicals, and ore samples from laboratory tests are measured and managed in compliance with local regulations requiring treatment by specialist contractors.

Since this year, chemical and other hazardous waste are included in waste reporting. The data collected are currently incomplete. Steps will be taken in 2014 to implement a more reliable waste reporting system.

Climate change

BV Carbon

To monitor the amount of CO₂ it emits and assess the effectiveness of its environmental programs, Bureau Veritas developed its own "BV Carbon" program 2009. This software, available in three languages, is accessible *via* the group's intranet site and comes with a dedicated user guide and e-learning module. Local HSE managers provide the annual data required to calculate the carbon footprint. The six principal sources of carbon emissions selected for measurement are energy, water, paper, business travel, ozone-depleting substances (from air conditioning) and waste.

The following scopes are measured:

- S1 – Direct emissions: the sum of direct emissions due to the combustion of fossil fuels (oil, gas, coal, peat, etc.) from resources owned or controlled by the company;
- S2 – Indirect emissions: the sum of indirect emissions associated with the purchase or production of electricity;
- S3 – Other emissions: the sum of all other indirect emissions.

BV's consolidated carbon footprint for 2013, presented below, covers 46% of its workforce, excluding acquisitions carried out during the year. This scope only includes entities that have measured and reported their emissions for two consecutive years. The change in total CO₂ emissions from the business activities of Bureau Veritas (94,960 metric tons in 2013 vs. 59,607 in 2012) reflects the larger percentage of the workforce included in the scope (46% in 2013 vs. 25% in 2012).

Starting in 2013, results are sorted by type of activity.

Data for the office-based activities of the Industry & Facilities (I&F), GSIT and Marine businesses are presented separately from those for the laboratory activities of the Consumer Products and Raw Materials businesses. The same distinction is made for environmental data. This change in presentation was made following the integration of Consumer Products and Raw Materials data in 2013. In 2012, only I&F and GSIT were included in the reporting scope.

Breakdown of Group CO₂ emissions by scope

	S1	S2	S3
2013 gross emissions in metric tons of CO ₂	Direct emissions	Indirect emissions	Other emissions
Offices	20,350	28,472	13,648
Laboratories	619	28,277	3,594
TOTAL	20,969	57,749	17,242

Sources of CO₂ emissions for the Group

Offices	2013 Metric tons of CO ₂ /person	2012 Metric tons of CO ₂ /person	Change (%)
Business travel	1.925	2.24	-14%
Energy	1.672	2.02	-17%
ODS ^(a)	0.034	0.06	-43%
Waste	0.013	0.02	-0.35%
Paper	0.011	0.02	-50%
Water	0.014	0.002	>100%
CO ₂ footprint per employee	3.7	4.36	-15%

(a) ODS: ozone-depleting substances

Laboratories	2013 Metric tons of CO ₂ /person
Business travel	0.213
Energy	2.843
ODS ^(a)	0.023
Waste	0.011
Paper	0.028
Water	0.148
CO ₂ footprint per employee	3.3

(a) ODS: ozone-depleting substances

Measures to adapt to the effects of climate change and protect or enhance biodiversity

At the group level, Bureau Veritas worked to define a common framework for establishing ISO 22301-compliant business continuity plans, as required by local regulation in certain countries.

Bureau Veritas carries out its activities in compliance with local regulations for biodiversity protection.

Training

An introductory training module to health, safety and environmental protection is delivered to new hires joining the Bureau Veritas group. In 2013, more than 15,600 introductory training modules were delivered across the Group. To complement this initial training, each country develops specific training programs to address the risks to which their employees are exposed in their work.

3.2.2 Materis

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

Olivier Legrain reiterated management's commitment in his communication to all Materis employees in January 2014:

"And now, finally, our CORE plan. Here are the main takeaways from 2013:

In the area of safety, despite the slight decline in the number of injuries, I must say that our results in 2013 are not completely satisfactory. We are seeing the same types of incidents occur, for the same reasons. Well-identified risks are not being sufficiently controlled. Our targets will

only be reached if we all take concrete steps as a group to make safety a reality and, at the same time, personally embody this value. I urge you to help us exercise and reinforce our vigilance, for your own sake and that of your colleagues and employees.

In the environmental arena:

- improvement and monitoring plans have been developed for each business, based on audits and quantitative results from 2012;
- using the 2013 data, we will be able to validate our findings from 2012 and confirm the areas presenting specific challenges for each business.

In the economic and societal arenas:

- our businesses are aware of the group's commitment to reinforcing our code of conduct and governance. One of our goals for 2014 is to implement a suitable program to achieve this;
- we have observed a sharp upswing of interest in "sustainable construction" from customers in a growing number of countries. In addition to thermal insulation, a familiar concern, customers are attentive to safety and comfort for product users, buildings that offer improved comfort and quality of life and thermal insulation, air quality and reducing CO₂ emissions from construction activities. These long-term trends are contributing in a very significant manner to the marketing and innovation activities of each business.

To maintain their competitive edge, all of our businesses must reinforce their commitments in these areas."

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

Each business has implemented this long-term initiative in the way that is best suited to its markets and its customers. This approach is consistent with Materis' corporate culture, which supports decentralization. Materis believes that differentiation and progress are only achieved with an understanding of the local economic, social, environmental and regulatory context and not by applying a single set of external guidelines.

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 continued to implement the CSR initiative called "LUCIE". LUCIE is a French quality label based on ISO 26000.

In the Admixtures business, Chryso France obtained an "Exemplary" ISO 26000 assessment in addition to LUCIE certification.

Three times a year, a CORE committee brings together the CORE coordinators of each of Materis's four businesses to coordinate the initiative and determine its direction. It is moderated by the head of strategy at Materis, under the direct supervision of the group's Chairman, 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 the Materis group's 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: the report for fiscal year 2013 is the second consolidation of environmental data.

Responsibilities and verification

Materis' Human Resources teams are in charge of producing social and societal data for each of its main businesses 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.

3.2.2.3 Social initiatives: 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.

In 2013, Materis Paints continued to encourage employees to participate in the development of their company, by extending the Great Place to Work survey to all of Materis Paints France.

Human resource management is decentralized at Materis. The HR director of each of the group's four businesses coordinates HR policy, which is implemented locally in every country where the group has a sales or industrial presence. These HR directors make frequent visits to all industrial sites and sales outlets in their business to ensure that HR policies are properly and consistently applied.

A Human Resources Committee (HRC) made up of the four HR directors, 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.

Each HR director also makes the following commitments to the HRC for its business:

- 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;
- implement appropriate training plans in all entities in its business;
- 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 in the group 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.

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.

Each year since 2009, 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.

To develop the safety culture of the group's 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 communications 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.

In 2013, Materis Paints decided to set a new Safety goal of zero injuries.

Kerneos developed its own company project with the assistance of DuPont Consulting. The program, called Prosafe, aims to foster

greater employee motivation to increase safety at work. Kerneos first assessed the safety culture at its main industrial sites before developing a plan of action for 2013-14, which included appointing a Safety director, designating HSE managers at each site and updating the health and safety policy.

Using preventive strategies

Since 2001, injury frequency rates at Materis have steadily decreased.

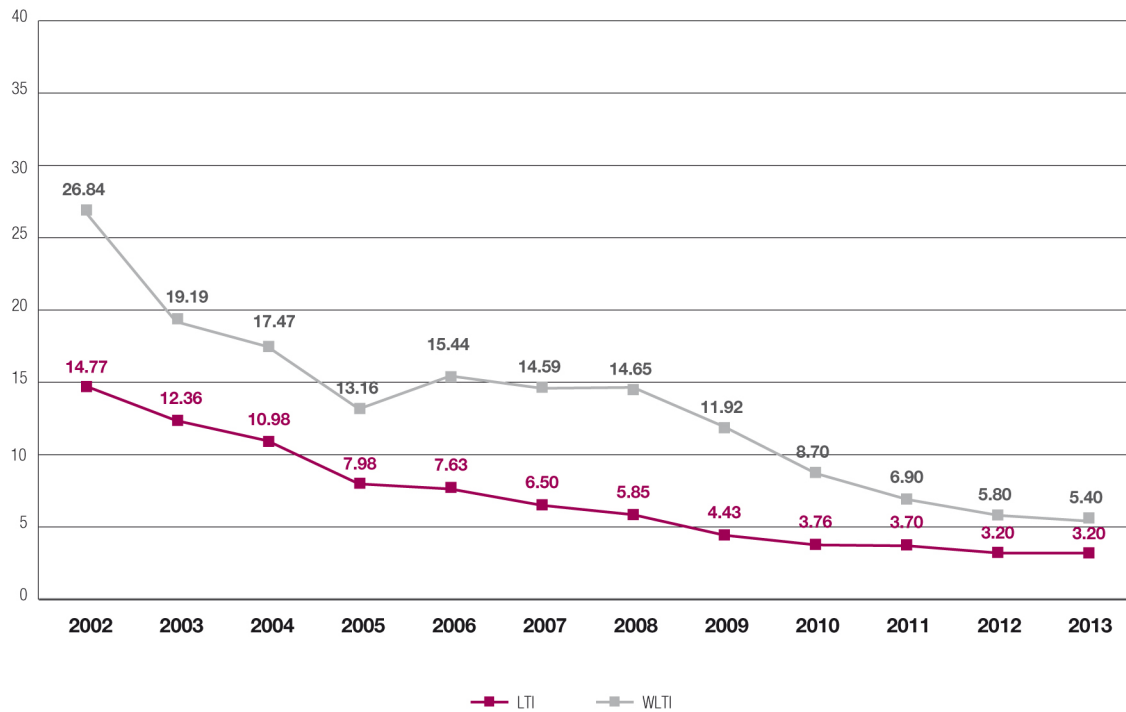
LTI: number of lost-time injuries per million hours worked.

WLTl: number of injuries with or without lost time per million hours worked.

For every injury, with or without lost work time, the relevant business performs a root-cause analysis to determine what preventive and corrective action should be taken.

In 2013, Materis expanded its efforts and began to track and analyze first aid treatments in the same way as injuries with and without lost time.

Trend in LTI and WLTl frequency rates at Materis



To promote experience-sharing and risk prevention, Materis has developed several multilingual communications 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.

In 2013, ParexGroup created an international community of internal auditors whose role is to assess and improve the company's safety management system.

Incorporating a safety culture into industrial practices

In 2013, Chryso organized its first annual safety meeting with the main subcontractors working with its production site in Sermaises, France. The aim of the meeting was to discuss safety, share best practices and teach subcontractors how to use a quick "stop-and-think" risk assessment tool before starting any task.

In 2013, the group continued to obtain OHSAS 18001 certification for its plants. Eight new sites were certified, bringing the total number to 70 (i.e. 67% of the Materis group's 105 sites) as of the end of 2013.

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, and 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

Construction markets remained challenging in 2013 in Southern Europe (Italy, Spain, Portugal) and in France. Materis took steps to find an optimal balance between market demand and the group's resources, while promoting the commitment of each employee. In Materis' growth regions (mainly Asia), however, its workforce grew.

As a result, arrivals and departures in 2013 balanced out (excluding changes in scope) and the workforce remained stable.

The Paints business, hard hit by the recession in Southern Europe, was nevertheless obliged to adjust its staff by 3.6% in 2013.

Breakdown of staff by geographical region:

- Europe: 55%; 55%
- of which France: 41%; 39%
- Asia-Pacific: 21%; 23%
- South America: 12%; 11%
- North America: 4%; 4%
- Africa & Middle East: 8%; 7%

Absentee rate

The absentee rate at the Materis group remains very low (2.3%).

Training and employee development

Training

A training policy is developed locally by each of the group's main businesses, 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 2013, the number of group employees having participated in at least one training program during the year was stable (72% of employees). The average number of training hours per employee increased by 23% to 17.7 hours. In 2013, external training costs rose by 12%.

The training program dedicated to safety, an absolute priority for Materis, called "Managing Safety by Exemplary Behaviour," has already been attended by 300 Materis 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 group entities and will eventually be deployed worldwide for all group managers. For this reason, Materis decided to start using a new performance indicator in 2013 to measure the rate of APA use by Materis managers. In 2013, 72% of Materis managers underwent an APA.

Succession plan

The HRC and the group's businesses work together to maintain an up-to-date succession plan for senior managers. The purpose of the plan is to promote the career development of senior managers and their mobility between businesses, based on business needs.

Compensation

The Materis group's compensation policy is specific to each of its businesses, which operate in different industrial sectors. The policy is based on the following principles:

- compliance with applicable regulations and the minimum contractual salary in force;
- recognition of individual and collective performance;
- desire for internal equity;
- consistency with local market conditions.

All of the group's 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 local collective agreements to be adopted regarding compensation (55 in 2013).

In 2013, personnel expense represented 21.1% of Materis' sales.

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 group business and each entity.

In addition to collective agreements on compensation, 46 local agreements were signed in 2013 in areas related to working time, training, safety, health and diversity.

In Turkey in 2013, Chryso set up a collective transportation system for its employees to facilitate their travel to the Istanbul plant.

Diversity

Materis fights all forms of discrimination.

In France, Zolpan, a Materis Paints company, and Chryso have signed a Diversity Charter. The group's four businesses have built partnerships with adapted 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 the group's entities.

3.2.2.4 Environmental initiatives

Due to the nature of Materis' industrial activities, which mainly consist in developing formulations for specialty products, their direct impact on the environment is limited. At the end of 2013, after the initiatives taken during the year, the amount of Materis' provisions for site remediation and soil decontamination was €1.3 million.

Protecting the environment is a key element in its corporate culture, which is why Materis invested €9.2 million in 2013 to prevent environmental and security risks, representing 13% of the group's total capital expenditure.

Although its four businesses face different environmental challenges, Materis chose 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. Materis continued to prevent risks and reinforce environmental management at all of its industrial sites, in two ways:

- gradual achievement of ISO 14001 certification, an international standard for environmental management. Five new sites obtained this certification in 2013. At the end of the year, 25 of the Materis group's 105 industrial sites were certified (i.e. 24%);
- multiyear improvement plans developed by each Materis site, following external audits of all industrial sites in 2012 to assess their environmental risks.

Ecogestes initiatives continued to be implemented in 2013, enabling each group employee to individually contribute to improving the system. At ParexGroup France and Materis Corporate Services, awareness campaigns covered the following areas:

- reducing electricity consumption;
- reducing energy used for lighting;
- promoting ride-sharing.

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' businesses continued their energy efficiency initiatives to diminish their environmental impact and energy costs.

The Materis group's energy consumption in 2013 was 5,102 terajoules, up 2.3% for a 4.4% increase in business volume.

Investments made in 2012 and 2013 to diversify fuels led to significant reductions of NOx, SOx and COV emissions, which decreased by 6%, 14% and 9%, respectively.

In the Materis group, Kerneos has chosen to voluntarily report its greenhouse gas (GHG) emissions since 2005.

The European directive on CO₂ quotas applies to Kerneos for the 2013-20 period. A French order in January 2014 determines how emission allowances will be allocated in France.

In addition, to reduce CO₂ emissions, two industrial sites in France and the United Kingdom partially replaced their energy sources with natural gas, the fossil fuel with the lowest emissions per unit of energy.

In France, ParexGroup France and Tollens (Materis Paints France) have performed a carbon assessment to identify their main sources of GHG emissions. Zolpan (Materis Paints France) conducted a carbon assessment in 2012 and will repeat the procedure in 2014.

To raise awareness of energy efficiency issues, Chryso held a conference on energy management for employees and their families.

Water management

The Materis group's total water consumption in 2013 was 952,017 cubic meters, up 1.5% for a 4.4% increase in business volume.

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 France, truck washing practices were optimized, reducing the volume of water used for washing by 10%.

Improvements made to the recycling station at the La Bridoire plant (Materis Paints) in 2012 led to a 36% decrease in wastewater discharge in 2013.

At Chryso, the plan to modernize retention systems is underway.

Raw material management

The Materis group employs processes that produce very little waste or spoilage.

In 2013, processes and recycling were improved, reducing spoilage from 1.0% to 0.9% of the manufactured volume.

Materis' businesses act in the following ways to streamline their use of the resources needed 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).

Limiting the impact on the environment

Management and disposal of industrial waste

In 2013, Materis' industrial activities generated a total of 40,388 metric tons of waste, (down 3.7%), 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 sites by the end of 2015.

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.

In 2013, Chryso finalized its soil decontamination plan for a site it had previously acquired in South Africa.

Adaptation to the consequences of climate change

Materis' activities are not directly impacted by the consequences of climate change. Accordingly, the group has not developed an overall 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, the group has not developed a global policy to protect biodiversity in the areas surrounding its industrial sites.

3.2.2.5 Societal initiatives

Materis strives to serve its customers and the communities in which the group 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;
- strengthening the relationship between the group's sites and the communities where Materis conducts its industrial and sales activities.

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

Materis invested €29 million, or 1.4% of the group's revenues, in innovation in 2013.

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.

The Materis group 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: the product's intrinsic impact resulting from its design and the resources needed to manufacture and market it, and the impact that comes from its use by customers and by building users.

To improve the working environment of construction professionals at work sites:

- ParexGroup continued to develop dustless solutions and lighter products to reduce risks related to the handling of loads;
- Chryso implemented a program to optimize the biocide content of its products and also developed more concentrated formulations of some of its products to reduce volume for transportation;
- Materis Paints continued work in R&D to reduce COV emissions by accelerating the replacement of solvent-based paints with water-based equivalents and by launching a "Low COV" range. Water-based paints accounted for more than 90% of sales volumes, and COV emissions were reduced by 12% in 2013.

In 2013, more than 26% of Materis' sales were generated by products launched less than five years ago.

Supporting customers in their sustainable development efforts

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

This research reveals that customers are increasingly concerned with safe product use and choosing solutions that contribute to sustainable construction.

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

Chryso offers customers technical audits of their industrial sites to assess whether products are being used safely there.

Materis Paints and ParexGroup are extending their ranges of external insulation systems to improve energy efficiency and comfort in buildings.

Strengthening our presence in the local community

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

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

Through its business, the group 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 2013, the share of Materis revenues generated by products sold in the region where they were produced was 88% (87% in 2012).

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. The group's four businesses implement responsible procurement policies, reflecting Materis' CORE initiative.

As in other CSR areas, Materis' four 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 assessing and selecting 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/or 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."

Within ParexGroup, the company and its employees in Brazil participate in an outreach program facilitating access to training in the construction industry, while in the United States, the company offers opportunities for joint initiatives with local communities throughout the year.

In France, Materis Paints partnered with the Imagine Institute of Genetic Diseases, donating one-half of the volume of paint needed for its new building.

Preventing corruption

Materis works to ensure that its employees follow fair business practices and comply with applicable regulations in this area. In 2013, the plan to introduce compliance programs was presented to the group's businesses, in order to determine how they would be implemented in 2014.

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.

The Materis group refuses to use any child or forced labor.

3.2.2.6 Summary of environmental and social indicators

Environmental indicators	2012	2013
% of industrial sites having completed an environmental audit	100%	97%
% of ISO 14001-certified industrial sites	20%	24%
Waste produced (% of production volume)	1.0%	0.9%
Energy consumption (TJ)	4,989	5,102
CO ₂ emissions (metric tons)	486,244 ⁽¹⁾	507,906
NO _x emissions (metric tons)	1,739	1,632
SO _x emissions (metric tons)	2,504	2,163
Water consumption (m ³)	937,751	952,017
Chemical Oxygen Demand COD (metric tons) ⁽¹⁾	143	82
Suspended solids (metric tons) ⁽¹⁾	37	31
Volatile Organic Compound emissions (metric tons)	270	245

(1) Partial scope (90%).

Human resources indicators	2012	2013
Workforce		
Group workforce	9,610	9,572
of which permanent contracts	9,170	9,251
of which % of permanent contracts	95%	97%
of which fixed-term contracts	440	321
of which % of fixed-term contracts	5%	3%
of which women	2,519	2,507
of which % of women	26%	26%
of which men	7,091	7,065
of which % of men	74%	74%
New hires in the group ⁽¹⁾	1,563	1,183
of which women	457	311
of which % of women	29%	26%
Departures from the group ⁽¹⁾	1,504	1,228
of which women	408	374
of which % of women	27%	30%
Breakdown of staff by geographical region		
Europe	55%	55%
of which France	41%	39%
Asia-Pacific	21%	23%
South America	12%	11%
North America	4%	4%
Africa & Middle East	8%	7%
Personnel expense as a % of sales		21.1%
Absentee rate	2.2%	2.3%
Training		
Number of employees having completed at least one training program	7,129	6,914
% of employees having completed at least one training program	74%	72%
Average number of training hours per employee	14.3	17.7
External training costs as a % of payroll	0.7%	0.7%
Personal safety ⁽²⁾		
Number of work injuries with at least one day of lost time	58	59
Number of work injuries without lost time	47	39
Rate of injuries with lost work time	3.2	3.2
Rate of injuries with or without lost work time	5.8	5.4
Accident Severity Rate (ASR)		0.09
% of industrial sites with OHSAS 18001 certification	61%	67%

(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, 2013, Stahl had 1,178 employees, a reduction of 59 over 2012. The relatively stable numbers in Stahl's workforce demonstrate its ability to increase its revenues and bottom line while maintaining a similarly-sized structure.

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

Region	2013	2012	2011
Europe	474	482	479
Asia-Pacific	270	276	273
India and Pakistan	168	180	171
North and South America	266	299	310
TOTAL	1,178	1,237	1,233

Ninety five percent of Stahl's employees are on permanent contracts. Its workforce is 79% male and 21% female. Total FTEs leaving during 2013 were 215, and 159 joined in the same period. Turnover of strategic employees (sales and application technicians and R&D specialists) was extremely low: 9.5 FTEs in all. These figures are consistent with the markets in which Stahl operates and reflect the trends in the various regions.

Working organization

The average working hours at Stahl are around 40 hours per week but with such an international, diverse organization, there is inevitably some local variance on this. Recording of working hours is done with a clocking system on some sites, while others rely on manual recording. Stahl reports on the absentee rate for each site.

Social relations

There are no collective bargaining agreements in place in Stahl. Local agreements are made between the local site management and employee representatives on pay and working conditions.

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 2013, was more than €60 million, less than 1% under 2012.

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 2013 Stahl began an intensive training program for future managers involving a total of 50 employees. It will continue into 2014, when the second and third group seminars take place. During the course of 2014, it will also set up Stahl Academy to improve its technical training.

In 2013, 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. 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 recognize the value of multiculturalism while reconciling local practices with Stahl's strategy and values.

Equality

Stahl is and remains an equal opportunity employer in all the locations worldwide: this is a public statement. Stahl's website clearly mentions this.

Stahl tracks the ratio of male/female employees and the percentage of female employees in management positions. 44 women are in a management position in 2013 which represents a ratio of 3.7% of female employees in management positions.

The nature of Stahl's business somewhat limits the opportunities for disabled employees. There are currently six FTEs in this category.

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 also 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:

	2013	2012	2011
Frequency rate of accidents with lost work time	0.08	0.12	0.24
Severity rate of accidents	0.97		

Frequency rate is calculated as follows: $(\text{number of reported accidents with lost days higher than three days} \times 100,000) / (\text{number of worked hours})$.
Severity rate is calculated as follows: $(\text{number of lost days} \times 100,000) / (\text{number of worked hours})$.

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, and recognize and reward HSE excellence.

Stahl committed in 2013 to work with its sustainability mentor, The Natural Step, in order to better understand the complete impact of its operations from the start to the finish of a product life cycle. This study is expected to be completed in March 2014.

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.

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.

Emission management

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

In kg CO₂-eq

	2013
CO ₂ emissions (scope 1)	5,885,802
CO ₂ emissions (scope 2)	8,762,806

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

■ 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. The Group will continue to measure and seek constant improvement.

■ 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. Investments in 2013 were lower because of a potential acquisition by Stahl, this is still ongoing.

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. However, Stahl succeeded in reducing its total water consumption in 2013.

	2013	2012
Total water consumption (m ³)	182,248	194,216

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

■ Energy consumption

Stahl is determined to prevent energy waste through efficient and responsible consumption. To do so, it focuses its efforts on raising employee awareness, which is the pre-requisite to the application of this policy in the areas of maintenance, engineering, technical projects, product development.

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.

	2013	2012
Electricity (MWh)	19,275	19,154
Gas (Nm ³)	1,807,904	1,741,688
Oil (in tons)	861	872
Steam (in tons)	3,871	3,763

■ Raw materials consumption

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).

Climate change and Biodiversity

The global activities of Stahl have a negligible effect on climate change and biodiversity hence there is no reporting on these issues.

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. 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 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, anticorruption 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 2013 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 has been extremely active in the Leather Programme of the Dutch MVO since the start in 2013, the first project in Mongolia is well under way. Others will follow shortly in India. This results in Dutch shoe and leathergoods retailers using leather from sustainable sources.

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 specializes 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.

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 also 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 2013 included the following:

- *Schoenmuseum Waalwijk* (Shoe Museum) – Stahl is a benefactor of the museum and has an exhibit presenting its technologies and expertise;
- 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 and donates to the Suzhou orphanage.
- Stahl Asia Pacific makes donations to the organizations in charge of the *Charity Brisk Walk*, in which some of its employees participate.

Sub-contracting and suppliers

Stahl is careful in selecting suppliers and subcontractors who are capable and determined to meet our standards with regard to safety, the environment, and social commitment. Within the next year, the company expects to formalize this process to increase its control over the supply chain. It will use the Sustainable Life Cycle Analysis to learn how effective its current controls are and where it needs to improve in the future.

In 2013, Stahl installed a new software system to improve the tracking and traceability of all raw materials used globally. This came on stream in December. This software system enables Stahl to trace such items of concern like heavy metals and also to ensure it does not source from countries/areas where it has concerns on human rights issues.

Fair trade practices

■ Actions taken to prevent corruption

Stahl is a global player and consequently is confronted with local practices on a regular basis. However, Stahl has not and will not engage in any form of corruption. This relates to its relationships with legislators, local authorities, suppliers, customers and other stakeholders.

As part of Stahl's pledge to the anti-corruption principle of United National Global Compact Stahl, Stahl's anti-corruption pledge is clearly stated on the website and in all communications regarding our corporate social responsibility. Furthermore, the topic will also be addressed in the Stahl Code of Conduct. This code of conduct will to be finalized shortly and will be implemented in 2014.

There have been no cases of corruption. If such an occasion does arise, Stahl Management or Board of Directors will take appropriate action.

■ Actions taken to ensure health and safety of consumers

Stahl works very closely with customers to ensure they have the best information to enable them to use Stahl products safely and that there is no inherent risk to consumers resulting from the use of Stahl products.

Human rights

Stahl has a profound knowledge of regulations relating to human rights, labor conditions and issues pertaining to gender, health and safety, land rights, indigenous people and community rights, and socio-cultural conditions and developments. The different aspects of human rights are fully integrated into our daily work. With a presence in more than 25 countries worldwide, Stahl is in touch with many different cultures through both its customers and its employees.

Stahl respects the Universal Declaration of Human Rights (UDHR) across her activities and through the relationships with our business

partners and stakeholders associated with those activities. The respect for human rights is integrated in both the internal and external operations of the organization. Until now this has not been formalized in policies.

Implementation

Stahl respects and protects human rights in its daily operations. It is recognized that this responsibility extends beyond the organization's own activities and includes relationships with business partners, suppliers and other non-state and state entities that are associated with Stahl's activities. Currently there are no formal policies in place, but a code of conduct is being developed and will be finalized in 2014.

Measurement of outcomes

Stahl has not received any complaints from employees, business partners or clients in relation to (potential) human rights violations, nor was the organization involved in any human rights incidents before or during the reporting period. Furthermore, Stahl publically embraces the United Nations Global Compact Principles in respect to human rights. Because of the scope of Stahl's activities, which comprises production and commercial activities, an external audit on human rights performance is not required.

3.2.3.4 Reporting methodology for Stahl

Reporting scope

Unless otherwise indicated:

- social data are collected from all group entities worldwide;
- environmental data are collected and consolidated from the group's eight industrial sites, namely: Portao (Brazil), Suzhou (China), Toluca (Mexico), Waalwijk (Netherlands), Singapore, Parets (Spain), Peabody (United States), and Ranipet (India).

Methodological limitations

The reporting methods for certain social, environmental and safety indicators may have certain limitations due to the pragmatic considerations of collecting and consolidating the relevant data.

Specific definitions and reporting methods are applied for the following indicators.

Safety indicators

Lost-time injury frequency rate

The lost-time injury frequency rate is the number of accidents involving the loss of three or more days of working time that occur over a 12-month period, per hundred thousand hours worked.

Accidents while commuting between home and work are not included in this indicator.

Environmental indicators**Total quantity of waste**

Quantity of waste is not included in this report, because the *reporting* system used across the group is being redesigned.

Social indicators**Total workforce**

The total workforce is the number of employees with a permanent or fixed-term contract with the Stahl group on the last calendar day of the month. The data are reported in full-time equivalents.

Hires & departures

Fixed-term contracts made permanent are counted as hires and departures. The data are reported in full-time equivalents.

Absentee rate and total hours of training

Absentee rate and hours of training are not included in this report. Although these indicators are tracked locally by each entity, they are not consolidated at the group level.

Consolidation and internal controls

The HR and HSE departments are responsible for consolidating social, environmental and security data based on the information provided by the industrial sites and subsidiaries in the group.

At each industrial site, the HSE coordinator reviews safety and environmental data reported before the group-level consolidation is performed.

The social data relating to the workforce are compared against the consolidated data in the group's finance database for consistency.

3.2.4 Mecatherm

3.2.4.1 Sustainable development, a continuous improvement area for Mecatherm

The Mecatherm group 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.

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

In the area of food safety, the Mecatherm group strives to:

- Continue to develop new, particularly healthy agents;
- Reduce the consumption of edible oils mixed with dough during all line operations;
- Use plastic food packaging and anti-retention meshes for product transport;
- Reduce the risk of dust or any other type of discharge.

With respect to personal security, the Mecatherm group works to:

- Constantly improve access around equipment to facilitate cleaning;
- Simplify equipment consigning operations;
- Reduce the negative impacts of production lines for users and residents (noises, unpleasant odors, etc.).

Regarding equipment preservation, the group strives to:

- Continue to enhance the safety features of machines by including parts acting as circuit-breakers to prevent damage to equipment following an incident;
- Reinforce security for machine programming.

Lastly, in the area of environmental protection, the group aims to:

- Reduce the energy consumption of ovens. This will be achieved by reducing exhaust temperatures and reducing cooking times;
- Replace lubricants and detergents with technical plastics.

3.2.4.2 Reporting methodology

Scope and methods of consolidation

To produce the key indicators selected for this report, data are taken from the entities consolidated in the financial statements of the Mecatherm group: Mecatherm SA and Gouet.

A specific calculation method has been defined for each indicator. Data are collected using files validated by Mecatherm.

Responsibilities and verifications

Mecatherm's Human Resources teams are in charge of producing social, societal, safety and environmental data.

Additional information about reported indicators

Specific definitions and reporting methods are applied for the following indicators.

Safety indicators

The lost-time injury frequency rate is the number of accidents involving the loss of one or more days of working time that occur over a 12-month period, per million hours worked.

Accidents while commuting between work and home are not included in this indicator.

Social indicators

Total workforce

The total workforce is the number of employees with a permanent or fixed-term contract with the Mecatherm group on the last calendar day of the month.

Hires & departures

Fixed-term contracts made permanent are counted as both hires and departures.

Absentee rate

The ratio of the number of hours of absence to the number of hours theoretically worked.

3.2.4.3 Social data

Mecatherm's three locations are in France: Alsace (Barembach), the Loire valley (Montilliers) and Normandy (Saint-Rémy-Broscocourt).

As of December 31, 2013, the Mecatherm group had 300 employees, compared with 284 as of December 31, 2012. The majority of employment contracts were full-time, permanent contracts. Fixed-term contracts represented 5% of the total in 2013. Mecatherm plans to maintain the proportion of fixed-term contracts between 5% and 10%. The total workforce was composed of 20% managers and 80% non-managers. Women made up 9.2% of the workforce. Employees with disabilities represented 2.8% of the workforce.

In 2013, there were 95 new hires in the group and 83 departures. Turnover from resignations was stable at around 4%. The absentee rate in 2013 was 2.63%; the goal set in 2012 to reduce this figure to under 3% was therefore achieved in 2013.

	2013	2012	2011
Total workforce as of December 31	304	284	302
Average staff numbers	322	307	328
Absentee rate	2.8	3.2	3.4

Compensation

Total compensation paid in respect of 2013 was €6.4 million. The level of compensation of all employees increased in the range of 2-3% on average. In 2013, there was a 1.2% "cost of living" increase plus individual raises averaging 0.47%. In addition, all employees benefit from the profit-sharing agreement.

Organization of working time

The workweek is 37 hours long for non-management employees (excluding traveling staff and supervisory-level staff), 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 management-level employees, non-management traveling staff and supervisory-level staff, working time is measured on the basis of 218 days per year.

Labor relations

Labor-management dialogue is mainly conducted through employee representative bodies at individual sites.

The Montilliers and Saint Rémy sites have a single employee representative body (*délégation unique du personnel* – DUP); health and safety issues are handled by the CHSCT at the Montilliers site and by employee representatives at Saint Rémy. At the Barembach site, employees have a works council and a CHSCT.

Mecatherm applies industry agreements, and all of its employees benefit from the sector's collective bargaining agreement. An amendment to the profit-sharing agreement was signed at Mecatherm in 2013.

Training

Fifty-five percent of employees participated in training in 2013, for a total of 3,701 hours of training. The Mecatherm group has maintained its goal to have at least one of every two employees take part in training.

Programs provided on an annual basis are mainly safety-related, such as training in driving forklifts, electrical qualifications or emergency first aid at work. Every year, other types of training are offered to help employees keep their knowledge and skills up to date, such as courses in labor law, industrial design or accounting for technical or administrative staff.

Training in the new ERP system began in 2013 and will continue in 2014 for a large number of employees.

Non-discrimination

The Mecatherm group is committed to maintaining a steady proportion of employees with disabilities in its workforce. Job applicants with disabilities are encouraged to apply for open positions and workstations are adapted as necessary. In addition, Mecatherm reaffirmed its commitment to workplace gender equality by signing a new plan in this area with employee representative bodies in 2013.

Health and safety

Mecatherm continues to make employee safety one of its highest priorities and strictly applies all relevant laws and regulations. The group keeps an up-to-date risk assessment and management document (*document unique d'évaluation des risques – DUER*) and

has implemented systems to analyze and, if applicable, prevent risks, including health (noise-induced and musculoskeletal disorders), psychosocial and road risks. New initiatives are introduced each year with the collaboration of the Health, Safety and Working Conditions Committee (CHSCT), state health insurance organization (CRAM) and the occupational health administration. For example, Mecatherm reinforced its initiatives in 2013 to prevent noise-induced injury. Prevention initiatives include raising employee awareness and knowledge through training and providing personal protective equipment (PPE). The lost-time injury frequency rate was 15.25 and the severity rate was 0.47.

3.2.4.4 Environmental data

Water and energy consumption

The activities carried out at Mecatherm sites, mainly involving the design and assembly of machines and production lines, have little impact on the environment.

However, Mecatherm has continued to take action to further improve the energy efficiency of its own plants and equipment. As a result, energy consumption was reduced in 2013, especially electricity and gas. This energy-saving follows employee awareness campaigns and the implementation of new procedures to shut down or put in standby certain machines (such as the equipment in the demonstration area) if unused for long periods of time, especially overnight.

Mecatherm tracks water and energy consumption on its three sites.

The following table presents the indicators Mecatherm tracks.

Indicators	2013	2012	2011
Direct energy (gas) ⁽¹⁾ MWh	4,686	5,890	3,500
Indirect energy (electricity) MWh	1,380	1,425	1,512
Water m ³	1,957	2,045	1,820

(1) Year-on-year changes in gas consumption are partly due to changes to heating requirements in buildings based on weather conditions 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 flatbreads or bagels.

Waste management

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)	2013	2012	2011
Ordinary industrial waste and paper ⁽²⁾	85.18	35.46	84.2
Wood ⁽²⁾	49.92	26.18	55.4
Stainless and other steels ⁽²⁾	81.39	59.84	102.8
Fermentables (bread, dough, flour) ⁽¹⁾	11.05	59.93	13.2
Hazardous (electronic, electric)	-	-	1.5

(1) Fermentable waste production is related to the type and number of demonstrations performed during the year.

(2) The amount of ordinary industrial, wood and steel waste produced is dependent on business volume.

All waste is collected, recycled, disposed of and/or reused by waste treatment companies.

Optimized use of raw materials

Due to the nature of its business, optimizing the use of raw materials is not a significant challenge for the Mecatherm group. The Mecatherm

group strives to manage paper consumption, mainly by educating employees and configuring IT systems to prevent waste.

To support its efforts to manage paper consumption, Mecatherm tracks this indicator, as presented in the following table.

Consumption (in metric tons)	2013	2012	2011
Paper	10.3	9.0	11.76

Adaptation to Climate change

The activities of the Mecatherm group are not directly impacted by the consequences of climate change.

Finally, Mecatherm maintains close relationships with other regional and local stakeholders, for example by taking local business owners on factory tours and meeting with government agencies such as the local emergency services.

Biodiversity

No impact on biodiversity from Mecatherm's industrial activities has been identified.

Subcontractors and suppliers

Mecatherm ceased to directly manufacture parts many years ago. All manufacturing of parts for machines to be delivered to customers is subcontracted to highly specialized companies who apply detailed specifications. Mecatherm's workshops are therefore devoted to fitting and assembling parts and subassemblies manufactured by the subcontractors, who are mostly local. By partnering with subcontractors, Mecatherm has more flexibility for handling peaks and falls in business volume and contributes indirectly but significantly to local employment. Since it joined the Group in 2006, Gouet has applied the same subcontracting policy.

3.2.4.5 Societal data

Promoting employment and regional development

Mecatherm has not manufactured any parts for about 15 years. This activity is subcontracted to highly specialized companies who apply detailed specifications. Mecatherm's workshops are therefore devoted to fitting and assembling parts and subassemblies manufactured by the subcontractors. Most of these subcontractors are local: for the Barembach site, 80% of purchases were made from 43 out of 315 suppliers in 2013, and 18 of these 43 suppliers were local, representing 55% of purchases.

By partnering with subcontractors, Mecatherm has more flexibility for handling peaks and valleys in business volume and contributes indirectly but significantly to local employment.

Fair business practices

Ensuring consumer safety

The Mecatherm group helps its customers who request assistance to implement measures to protect the health and safety of consumers. Assistance may be provided, for example, regarding the use of specific types of materials used by the food industry or the purchase of detectors (e.g. metal detectors) to be installed on production lines.

Maintaining a dialogue with the community

Mecatherm continues to be proactive in the fields of education and training. Factory visits are organized on a regular basis to introduce younger generations to careers in manufacturing. Many events are also held in secondary schools, where Mecatherm can dialogue directly with students as they consider their career options, as well as in higher education institutions, to promote the transfer of industry-specific knowledge and know-how. Mecatherm hires apprentices and interns on a regular basis, with the aim to create a bridge between classroom learning and the skills needed in the employment market.

Mecatherm also frequently works with regional employment organizations and has strengthened its collaboration with the government employment office.

In addition, Mecatherm continues to place a great deal of importance on relations with local communities and strives to boost its visibility and communications, in particular through the local media.

Preventing corruption

Mecatherm takes steps to prevent corruption. In 2013, an internal memorandum was circulated, informing employees of the main risks and the tools used to fight corruption and enabling an assessment of the level of risk in the group. To measure this risk, Mecatherm used the Corruption Perceptions Index published by the French arm of Transparency International, combined with a list of the countries in which the group already has or intends to launch sales operations. Based on these data, countries were classified by risk level and this risk indicator was incorporated into the CRM system. An employee awareness campaign will be carried out in 2014.

Commitment to human rights

The Mecatherm group refuses to use any child or forced labor.

3.2.5 Parcours

3.2.5.1 Employment

As part of its human resources policy, Parcours strives to create a work environment aligned with its ambition for growth and promotes employee development through skills building and a culture of respect.

Workforce and breakdown of staff

As of December 31, 2013, the Parcours group had 328 employees, up 15.5% from 2012.

The majority of employment contracts were full-time, permanent contracts. Fixed-term contracts represented 2.4% of the total in 2013. The total workforce was composed of 25% managers and 75% non-managers. Women made up 26.8% of the workforce. The average age of group employees was 31.5 years, and their average length of

In 2013, this policy translated into the opening of a new generation of agencies in Bordeaux, Lyon and Nanterre, a preview of Parcours' future network.

In addition, 34 new positions were created, with preference given to internal promotions and mobility.

service was 3.2 years. The Parcours group grew in 2013 and consequently created 34 new positions across all of its business lines (long-term leasing⁽¹⁾, used vehicle sales⁽²⁾ and auto repair) as well as in support functions. Under the group's human resources policy, preference is given to internal promotions when filling new job openings. In 2013, 76 employees accepted an internal transfer or promotion.

	2011	2012	2013	2013/2012 Change
Workforce	269	284	328	15.5%
Men	194	204	240	17.6%
Women	75	80	88	10.0%
Management level	76	83	82	-1.2%
Non-management level	193	201	247	22.9%
% of permanent contracts	97%	97.5%	97.6%	0.1%
% of fixed-term contracts (Apprenticeship and insertion contracts)	3.00%	2.50%	2.40%	-4.0%

Compensation

	2011	2012	2013
Total payroll	10.60%	10.40%	11.21%
Average salary increase*	4.40%	3.80%	5.30%

* Based on staff employed from January 1 to December 31 of the same year.

The compensation policy at Parcours reflects the group's growth.

In 2013, the average salary of an employee with more than one year of employment with Parcours increased by 5.3%.

(1) Long-term leasing.
(2) Used vehicles.

3.2.5.2 Organization of work

Organization of working time

The Parcours group mainly offers employees permanent work contracts (97.6%).

To ensure that business needs and customer expectations are met, French employment contracts are based on a 40-hour workweek, which includes 12.5% of overtime. Because of the more demanding work environment, repair shop employees have a 39-hour workweek, including 10.25% of overtime.

Employment contracts at European subsidiaries (Belgium, Luxembourg, Spain and Portugal) comply with the legislation in force.

Absentee rate

The absentee rate, which is the ratio of the number of calendar days of absence over the number of theoretical working days, was 2.29% in 2013. This rate applies to all permanent employees in the group in France (97.6% of the workforce).

3.2.5.3 Labor relations

Labor-management dialogue

The group fulfills its regulatory obligations regarding the election of employee representatives.

Due to a lack of candidates during the last election period, however, no employee representatives were elected.

The group's hierarchical structure is such that managers are easily approachable. The group also maintains and develops close labor-management dialogue through the following regular events:

- a newsletter ("*Parcours Le Mag*") issued three times a year and circulated to all employees, with news about the group;
- a four-day trip ("*Parcours Experience*") organized every year for all employees with more than one year of service, to promote exchange and experience sharing;
- an annual convention to which all employees are invited, providing an opportunity to review the year's achievements, put the goals for the year to come into perspective and explain the group's short-term and medium-term strategy;

- two one-on-one employee/manager meetings for every employee, during which employees can review their performance and results, discuss career development in the group and express their ambitions for career progression or their training needs.

Parcours also developed an internal charter to enable all of its employees to share the fundamental values of its corporate culture, inside and outside the workplace. This charter has been applied to all of the group's businesses.

Collective agreements

As per the agreement signed on January 21, 2005, all employees in the group who have been employed for more than three months are beneficiaries of the group's profit-sharing plan.

3.2.5.4 Health and safety

Health and safety conditions at work

Although Parcours does not have a CHSCT ⁽¹⁾, due to a lack of candidates at the last election, the group is strongly committed to fulfilling its legal and regulatory obligations in the areas of safety and health. Risk prevention and risk management actions are recorded in a risk assessment document that is updated each year.

Agreements signed with trade unions

Due to a lack of candidates during the last election period, no trade union representatives were elected.

Work-related injuries and illnesses

The Group took several steps in 2013 to reduce work injuries:

- HSE audits ⁽²⁾ performed by a certified organization (DEKRA Industrial SAS);
- modernization of equipment in our general auto repair and bodyshop facilities;
- training for managers and awareness-raising for employees working in repair shops or in charge of deliveries.

(1) CHSCT: Health, Safety and Working Conditions Committee.

(2) HSE: Health, Safety & Environment.

Lost-time injury frequency rate*	2013
Long-term leasing/used vehicle business	5.30
Auto repair business	22.1
Group (cumulative)	9.8
Severity rate	
Long-term leasing/used vehicle business	0.03
Auto repair business	0.2
Group (cumulative)	0.07

* Frequency rate [(number of injuries with lost work time x 1,000,000)/number of worked hours]/Severity rate [(number of lost days x 1,000)/number of worked hours].

3.2.5.5 Training

Policy

Parcours' training policy encompasses two types of training:

- Internal training programs, developed by experienced staff for a specific business area (sales, taxation, accounting, operations, insurance, etc.) and delivered to operational employees, including new hires;
- outside training programs, to meet training needs created by the introduction of new tools or to train employees in additional skills that require the knowledge of an outside firm (auto repair, management skills, etc.).

Total hours of training

Training	2011	2012	2013
Total hours of training delivered	411	1,228	915

In 2013, 82 employees received training for an average of 11.2 hours per employee.

Total hours of training declined in 2013, due to the time devoted to developing and implementing new in-house training programs, which led to delays in the initial training schedule. All of the training initially planned will be completed in 2014 to reach a targeted total of 1,350 hours of training.

3.2.5.6 Equal treatment

Measures to promote gender equality

The number of women in the workforce rose from 80 to 88 employees in 2013. The proportion of women in the workforce decreased, however, due to the rapid growth of the staff working in auto repair and bodywork facilities. Women make up 34% of the workforce in the leasing and used vehicle businesses, but only represent 8.5% of repair shop employees.

	2011	2012	2013
% of women in the group's workforce	27.8%	28.1%	26.8%
% of women among management-level staff	17.5%	18.0%	13.6%
% of women among new hires	24.2%	26.1%	25.8%

Measures to promote the employment and inclusion of people with disabilities

The Parcours group is a regular customer of adapted work centers, but does not employ any disabled employees. Accordingly, it paid €22,259.20 to Agefiph in 2013 to support the employment of people with disabilities.

	2011	2012	2013	2013/2012 Change
Amount committed to adapted employment centers (CAT, ESAT)	2,935.82	2,294.60	4,090.96	78.3%

Measures to fight discrimination

The Parcours group has always valued employee commitment and skill and demonstrates this in its internal charter. These core values serve as its main criteria for recruitment, compensation and promotion in the group.

3.2.5.7 Promoting and applying the ILO's fundamental conventions

3.2.5.7.1. Freedom of association and the right to collective bargaining

3.2.5.7.2. Elimination of discrimination in employment

3.2.5.7.3. Elimination of forced labor

3.2.5.7.4. Abolition of child labor

The Parcours group fulfills all legal and regulatory requirements in force in all countries in which it operates: France, Belgium, Luxembourg, Spain and Portugal.

3.2.5.8 General environmental policy

Environmental assessment and certification

To date, the group has not taken any steps to obtain environmental certification. In all of its production and sales processes, however, the group strives to implement initiatives to promote the sustainable development of its business. Its network growth strategy is one example. Each new agency is being built according to specifications that include 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;

- limiting soil sealing;
- providing comfortable natural and artificial lighting;
- integrating charging stations for electric vehicles.

In 2013, Parcours applied these criteria to its new agencies in Bordeaux, Lyon and Nanterre.

Training and awareness-raising for employees in environmental protection

Resources devoted to preventing environmental risks and pollution

As a service provider in the automotive sector, Parcours strives to meet its customers' needs and advises them on the environmental impacts of their car fleets. 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:

- 1. ENVIRONMENT – THE CAR:** institute a car policy that protects the environment by taking environmental performance into account when building a vehicle fleet (choice of engine type or options, CO₂ emissions, etc.);
- 2. SOCIAL – THE DRIVER:** raise awareness among employees about security and eco-driving techniques (theoretical and practical training on a circuit or simulator);
- 3. 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.).

Provisions and guarantees for environmental risks

The Parcours group did not recognize any provisions or guarantees for environmental risks, given the nature of its business.

3.2.5.9 Pollution and waste management

Measures to prevent, reduce or offset emissions into the air, water and soil

Measures to prevent, recycle and eliminate waste

Regulations regarding industrial and hazardous waste are strict, and Parcours repair shops comply scrupulously with them.

In 2013, the Parcours auto repair business identified 15 types of product waste to be managed:

Ordinary industrial waste	Aerosol cans	Tires
Paper	Solvents	Exterior plastics
Cardboard	Oil filters	Windshields
Pallet wood	Oil	Batteies
Scrap metal	Paints	Soiled packaging

All waste is handled and recycled by accredited companies (EPUR, Veolia, etc.).

Noise and all forms of pollution specific to the business activity

The Parcours group complies with regulations in force and takes care to protect its natural and social environments.

3.2.5.10 Sustainable use of resources and climate change

Water consumption and supply based on local constraints

Consumption of raw material and measures for more efficient use of them

In the countries and sectors in which it operates, Parcours is not affected by issues related to the purchase of raw materials, water supply or land use.

Energy consumption, energy efficiency measures and renewable energy use

Parcours helps to reduce greenhouse gas emissions by promoting the use of vehicles that emit less CO₂ and consume less fuel.

For the 10,196 new passenger cars leased under long-term contracts in 2013 (up 11% from 2012), the group lowered the average CO₂ emission rate to 111.6 g/km per vehicle. This decline was accompanied by a 5% decrease in theoretical combined fuel consumption.

Passenger cars*	Number of vehicles leased during the year			Average CO ₂ emission rate (g/km) per vehicle			Average fuel consumption (L/100 km)		
	2012	2013	Change	2012	2013	Change	2012	2013	Change
Diesel	8,923	9,829	10%	116.8	111.9	-4%	4.5	4.3	-4%
Gasoline	172	220	28%	141.3	110.1	-22%	6.2	4.8	-22%
Diesel hybrid	32	81	153%	102.4	97.5	-5%	3.8	0.1	0%
Gasoline hybrid	41	58	41%	98.5	103.1	5%	4.3	4.5	5%
Natural gas	2	3	50%	123.5	125.0	1%	5.4	5.5	1%
Electricity	4	5	25%	0.0	0.0	NA	0.0	0.0	NA
TOTAL	9,174	10,196	11%	117.1	111.6	-5%	4.5	4.3	-5%

Scope: deliveries of new passenger vehicles (excluding commercial vehicles) under long-term leases.

Since 2010, Parcours has also supported the sustainable development policies of its customers by participating in awareness

campaigns on electric vehicles, fuel-efficient driving and road safety.

Land use

In the countries and sectors in which it operates, Parcour's is not affected by issues related to the purchase of raw materials, water supply or land use.

Greenhouse gas emissions

Adaptation to the consequences of climate change

In 2013, total emissions of CO₂ from passenger vehicles on long-term leases were 108,397.68 metric tons, *i.e.* an average of 2,179.5 km/month with an average of 120.56 g of CO₂/km per vehicle.

Country	Number of passenger cars in the leased fleet during the period	Total CO ₂ emissions for the period (metric tons)
France	31,251	98,662.13
Belgium	1,409	4,160.62
Spain	1,662	4,863.55
Portugal	154	233.12
Luxembourg	141	478.26
TOTAL	34,617	108,397.68

Scope: Passenger cars (excluding commercial vehicles) leased under a long-term contract in 2013.

Measures to enhance biodiversity

Given its types of business activities Parcour's is not affected by issues related to biodiversity.

3.2.5.11 Regional, economic and social impact of the company's business activities and relationships with individual or organizational stakeholders

Impact on neighboring or local populations

Dialogue with individual or organizational stakeholders

The Parcour's group implements a strategy based on two fundamental principles: maintaining a decentralized network of agencies and ensuring that each agency has all of the necessary skills to deliver end-to-end service.

In France and Europe in general, the policy adopted by Parcour's is to integrate the local economic and social landscape and form long-lasting relationships with its customers and suppliers, while contributing to local economic development.

The following initiatives are being taken to apply the policy:

- Recruiting employees from the local area;
- Encouraging managers to join local professional associations and clubs, such as CGPME and Medef, two networks for entrepreneurs;
- Developing partnerships with local suppliers in related business areas (dealerships, short-term car rental firms, etc.). Parcour's strives to systematically promote local suppliers to ensure optimal responsiveness and an excellent mutual understanding of business issues.

Partnership or sponsorship initiatives

In 2013, Parcour's sponsored three athletes competing in golf and motor racing.

At the end of 2013, the group donated €32,400 to "Respectons la Terre", an environmental association. The goals of the nonprofit are to use the attention generated by nature expeditions and adventure sports to promote the use of natural and renewable energies, to protect animal and plant biodiversity and to build awareness of environmental issues such as global warming, access to drinking water and healthcare and all related themes.

3.2.5.12 Subcontractors and suppliers

Integration of social and environmental issues in the company's purchasing policies

Degree of subcontracting and, in dealing with suppliers and subcontractors, consideration of their social and environmental responsibilities

As a long-term lessor of vehicles to businesses, the Parcour's group interacts with the banking industry, for financing of the vehicles, and the automobile industry, to ensure supply for its customers.

Its partners are all leading businesses committed to corporate responsibility. These banks, carmakers, tire manufacturers, short-term car rental firms, insurance companies, fuel companies, specialized networks, etc. comply with regulatory requirements as well as local standards of conduct.

As part of its purchasing policy and to fulfill its corporate responsibility commitments, Parcour's has developed a charter of standards for its suppliers.

3.2.5.13 Fair business practices

Preventing corruption

The Parcours group complies with all anti-corruption regulations in force.

The internal rules of conduct communicated to every employee reiterate the group's stance in this area. In particular, they describe the procedure to be followed in the event of a personal gift that may affect decision-making or lead to personal financial gain.

They also describe the applicable sanctions in the event of proven misconduct (dismissal for serious misconduct).

Promoting consumer health and safety

The Parcours group complies with all consumer protection laws, in particular with respect to its business of used vehicle sales to individuals and the associated financing services it provides. For example, the group helps to protect consumers and make them aware of their responsibility by providing more detailed and easier-to-understand information about loans.

The group also raises driver awareness by providing instruction in fuel-efficient driving and risk prevention.

In 2013, the group campaigned against drinking and driving by including free breath-test devices with each new vehicle delivery and by working with the French Red Cross to set up screening stations at its in-house annual convention.

3.2.5.14 Promoting human rights

Parcours strives to defend and apply fundamental principles in human rights and working conditions.

3.2.5.15 Reporting methodology

Reporting scope

Unless otherwise indicated,

- Social data are reported for all group entities in Europe (France, Spain, Belgium and Portugal);
- Health and safety (work injury) data in 2013 cover France only;
- Environmental impact is measured in terms of the fleet's fuel consumption and CO₂ emissions. Scope restrictions are detailed below.

Methodological limitations

The reporting methods for certain social, environmental and safety indicators may have certain limitations due to the pragmatic considerations of collecting and consolidating the relevant data.

The definitions and reporting methods used for the following indicators, as well as any relevant limitations, are described below.

-Safety indicators

Lost-time injury frequency rate

The lost-time injury frequency rate is the number of accidents involving the loss of one or more days of working time that occur over a 12-month period, per million hours worked.

Accidents while commuting between home and work are not included in this indicator.

-Environmental indicators

Fuel consumption

Fuel consumption is reported for passenger cars added to the leased fleet in 2013 (64% of all vehicles added in 2013).

CO₂ emissions (metric tons)

CO₂ emissions are reported for leased passenger cars on the road (60% of all leased vehicles on the road) and passenger cars added to the fleet in 2013 (64% of all vehicles added in 2013).

CO₂ emissions are calculated based on average annual CO₂ emissions provided by the manufacturer and each vehicle's fuel consumption.

-Social indicators

Total workforce

The total workforce is the number of employees with a permanent or fixed-term contract with the Parcours group on the last calendar day of the month.

Hires & departures

Fixed-term contracts made permanent are counted as hires and departures.

Absentee rate

The absentee rate is reported for France only. It is calculated by dividing the number of calendar days of absence by the number of theoretical calendar days worked.

Consolidation

The Marketing and Human Resources departments are in charge of data consolidation.

3.3 Independent verifier's report on social, environmental and societal information presented in the management report

Wendel : Year ended the 31st December 2013

This is a free translation into English of the original report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our quality as an independent verifier of which the admissibility of the application for accreditation has been accepted by the COFRAC, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Wendel, we present our report on the social, environmental and societal information established for the year ended on the 31st December 2013, presented in chapter 3 of the management report, hereafter referred to as the "CSR Information", pursuant to the provisions of the article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R. 225-105-1 of the French Commercial Code (*Code de commerce*), in accordance with the protocols used by the company and by its portfolio companies (hereafter referred to as the "Criteria"), and of which a summary is included in the management report in the methodological notes and available on request at the respective companies' headquarters.

Independence and quality control

Our independence is defined by regulatory requirements, the Code of Ethics of our profession as well as the provisions in the article L. 822-11 of the French Commercial Code (*Code de commerce*). In addition, we have implemented a quality control system, including documented policies and procedures to ensure compliance with ethical standards, professional standards and applicable laws and regulations.

Responsibility of the independent verifier

It is our role, based on our work:

to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the third paragraph of R. 225-105 of the French Commercial Code (*Code de commerce*) (Attestation of presence of CSR Information);

- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in accordance with the Criteria (Limited assurance on CSR Information).

Our verification work was undertaken by a team of seven people between September 2013 and March 2014 for an estimated duration of twenty-eight weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission.

1. Attestation of presence of CSR Information

We obtained an understanding of the company's CSR issues, based on interviews with the management of relevant departments, a presentation of the company's strategy on sustainable development based on the social and environmental consequences linked to the activities of the company and its societal commitments, as well as, where appropriate, resulting actions or programmes.

We have compared the information presented in the management report with the list as provided for in the Article R. 225-105-1 of the French Commercial Code (*Code de commerce*).

In the absence of certain information, we have verified that the explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial Code (*Code de commerce*).

We verified that the CSR Information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial Code (*Code de commerce*), hereafter "the portfolio companies⁽¹⁾", with the limitations specified in the methodological notes of the company and the portfolio companies in chapter 3 of the management report, notably:

- As indicated in the paragraph « Encouraging subsidiaries to integrate CSR » presented in paragraph 3.1.1 of the management report, the required Information is presented for each company whose majority stake is held by Wendel and is not consolidated as specified in the article L. 225-102-1 of the French Commercial Code (*Code de commerce*);
- As indicated in the paragraph « Methodological Note of Stahl » presented in paragraph 3.2.3.4 of the management report, the required information on the absenteeism rate and the number of training hours

(1) Portfolio companies that are subject to this report are Bureau Veritas, Materis, Stahl, Parcours and Mecatherm

are monitored locally and are thus not subject to a consolidation by the Group; the environmental information is limited to the eight industrial sites of the Group, thus excluding laboratories; the total quantities of wastes are not published, the reporting being in a structuring process within the Group;

- As indicated in the paragraph « Methodological Note of Parcours » presented in paragraph 3.2.5.15 of the management report, for fuel consumptions, data is limited to passenger vehicles of the park joining the fleet (64% of the total number of vehicles joining the fleet in 2013) and for CO2 emissions, data is limited to passenger vehicles of the fleet in circulation (60% of the total number of vehicles in circulation in 2013).

Based on this work and given the limitations mentioned above, we confirm the presence in the management report of the required CSR information.

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook about thirty interviews with the people responsible for the preparation of the CSR Information in the different departments in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management of the company and its portfolio companies, in order to:

- Assess the suitability of the Criteria for reporting, in relation to their relevance, completeness, reliability, neutrality, and understandability, taking into consideration, if relevant, industry standards;
- Verify the implementation of the process for the collection, compilation, processing and control for completeness and consistency of the CSR Information and identify the procedures for internal control and risk management related to the preparation of the CSR Information.

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the company and its portfolio companies, their social and environmental issues, their strategies in relation to sustainable development and industries best practices.

For the CSR Information which we considered the most important⁽¹⁾ :

- At the level of the company and of its portfolio companies, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report;

- At the level of a representative selection of entities that we selected⁽²⁾, based on their activity, their contribution to the indicators of the company and of its portfolio companies, their location and a risk analysis, we undertook interviews to verify the correct application of the procedures and undertook detailed tests on environmental and safety information on the basis of samples, consisting in verifying the calculations made and linking them with supporting documentation. The sample selected therefore represented on average:

- For the Materis group, 99 % of the total number of employees and on average 29 % of quantitative environmental information tested;
- For the Stahl group, 24 % of the total number of employees and on average 56 % of quantitative environmental information tested;
- For the Parcours group, 93 % of the total number of employees and on average 60 % of quantitative environmental information tested;
- For the Mecatherm group, 65 % of the total number of employees and on average 78 % of quantitative environmental information tested;
- For the Bureau Veritas group, we verified that the Information published in Wendel management report corresponds to the information that was subject to verification by the statutory auditors mandated by the executive management of Bureau Veritas.

For the other CSR information, we assessed their consistency in relation to our knowledge of the company.

Finally, we assessed the relevance of the explanations provided, if appropriate, in the partial or total absence of certain information.

We consider that the sample methods and sizes of the samples that we considered by exercising our professional judgment allow us to express a limited assurance conclusion; an assurance of a higher level would have required more extensive verification work. Due to the necessary use of sampling techniques and other limitations inherent in the functioning of any information and internal control system, the risk of non-detection of a significant anomaly in the CSR Information cannot be entirely eliminated.

Conclusion

Based on our work, we have not identified any significant misstatement that causes us to believe that the CSR Information, taken together, has not been fairly presented, in compliance with the Criteria.

(1) The most important CSR Information is appended to this report.

(2) For the Materis group, we selected the industrial sites of Fos (France), Sermaises (France), Gebkim (Turkey), Saint-Pierre de Chandieu (France) and Porcari (Italy). For the Stahl group, we selected the industrial sites of Waalwijk (Netherlands) and Parets (Spain). For the Mecatherm group, we selected the site of Barembach (France). For Parcours group, we selected the agencies located in France.

Observations

Without qualifying our conclusion above, we draw your attention to the following points:

The Information published regarding Wendel S.A. and the portfolio companies call for the following comment: the definitions of social indicators are not yet homogeneous from a portfolio company to another.

The Information published by Bureau Veritas was subject to the following comment: the management report specifies that for the rate of absenteeism and the number of days of training, the scope of reporting only covers France.

Paris-La Défense, 14th April 2014

French original signed by:

Independant Verifier

ERNST & YOUNG et Associés

Eric Duvaud

Partner, Sustainable Development

Bruno Perrin

Partner

Appendix : List of CSR information considered as the most important by the independent verifier

Quantitative social information	Involved companies
Total number of employees	Wendel S.A. and portfolio companies
Number of hirings and departures	Wendel S.A. and portfolio companies
Absenteeism rate	Wendel S.A., Materis, Parcours and Mecatherm
Lost Time Injury Frequency Rate	Wendel S.A. and portfolio companies
Severity rate	Wendel S.A. and portfolio companies
Total number of training hours	Wendel S.A., Materis, Parcours and Mecatherm
Total number of disabled employees	Wendel S.A. and portfolio companies

Qualitative social information	Involved companies
Organization of social dialogue	Portfolio companies
Health and safety conditions at work	Portfolio companies
Training policies	Wendel S.A. and portfolio companies
Equal treatment	Wendel S.A. and portfolio companies

Quantitative environmental information	Involved companies
Number of ISO 14001-certified sites	Materis and Stahl
Air emissions (VOC, SOx and NOx)	Materis
CO ₂ emissions	Materis, Stahl and Parcours
Water discharge (COD, TSS)	Materis
Total amount of hazardous and non-hazardous waste	Materis, Stahl and Mecatherm
Total water consumption	Portfolio companies
Total energy consumption	Portfolio companies

Qualitative environmental information	Involved companies
Company organization to take into account environmental issues	Wendel S.A. and portfolio companies
Energy efficiency	Materis, Stahl, Parcours and Mecatherm
Raw materials consumption	Materis and Stahl

Qualitative information related to societal commitment for a sustainable development	Involved companies
Territorial, economic and social impact of the company in terms of employment and regional development	Portfolio companies
Dialogue conditions with individuals or organizations interested in the company's activities	Wendel S.A. and portfolio companies
Integration of ESG criteria in portfolio management	Wendel S.A.
Consideration of CSR issues in the company's relationship with suppliers and subcontractors	Materis, Stahl, Mecatherm and Parcours
Actions taken to prevent corruption	Wendel S.A. and portfolio companies
Measures taken for consumer health and safety	Materis, Stahl and Parcours