



“ A strong tradition of entrepreneurship
supporting long-term investing”

WENDEL'S CORPORATE SOCIAL RESPONSIBILITY

3.1 CORPORATE SOCIAL RESPONSIBILITY (CSR) IN WENDEL'S ACTIVITIES **114**

3.1.1	Promoting CSR as part of its role as a long-term investor	114
3.1.2	Implementing a CSR strategy adapted to a small investment team	116
3.1.3	Limited environmental footprint	118
3.1.4	Commitment to the wider community	119

3.2 WENDEL'S SUBSIDIARIES REVIEWED BY AN INDEPENDENT VERIFIER **120**

3.2.1	Materis Paints	122
3.2.3	Stahl	131
3.2.4	Mecatherm	137
3.2.5	Parcours	141

3.3 INDEPENDENT VERIFIER'S REPORT ON SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION PRESENTED IN THE MANAGEMENT REPORT **151**

Appendix – List of CSR information covered by limited assurance verification work	154
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3.1 Corporate Social Responsibility (CSR) in Wendel's activities

Wendel believes that corporate social responsibility drives growth for companies. 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.

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 General Secretariat, the Communications and Sustainable Development department and the Operational Resources (human resources, IT and facilities management) department.

In 2015, Wendel adopted a code of ethics, approved by its Executive Board.

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

- At the time of acquisition:

When Wendel considers a new investment, it carries out due diligence on environmental and social issues as part of its analysis of the risks related to the business of the target company. Environmental and social audits were duly conducted in 2014 in preparation for the acquisitions of CSP Technologies and Constantia Flexibles, which were completed in the first quarter of 2015.

- 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 Paints, 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 Paints 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. Saint-Gobain's corporate social responsibility (CSR) policy centers on four commitments: inventing sustainable buildings, limiting environmental impact, encouraging the professional growth of employees, and taking action for local development. Saint-Gobain actively participates in discussions on the energy efficiency of buildings and develops eco-innovative solutions to reduce the environmental impact of products used in construction, by considering their whole life cycle, in new buildings as well as renovations.

- Every Group subsidiary and associated company is expected to develop a CSR policy addressing its specific issues. Group companies operate in very different fields (see section 1.10 "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.

The results of the checks and controls performed by the independent third-party verifier are communicated to the investment team. In 2015, the Executive Board decided that each company would implement an action plan addressing its most important issues, based on the third-party verifier's recommendations.

Significant aspects of the sustainable development policies of Bureau Veritas, Materis Paints, Stahl, Mecatherm and Parcours, the companies in which Wendel is the majority shareholder, are presented in section 3.2 "Wendel's subsidiaries reviewed by an independent verifier".

Preventing market abuse and monitoring internal control procedures at its subsidiaries

A Market Confidentiality and Ethics Code establishes rules for all employees and corporate officers of the Company to prevent market abuse. The main obligations contained in this Code are described in section 2.1.6 of this registration document. The main provisions applying to Supervisory Board members have been incorporated into the Board's rules of procedure.

Every year, Wendel also surveys the general internal control principles implemented by its consolidated subsidiaries using a questionnaire, as part of its analysis of risk factors related to their business activities.

The questionnaire is based on the reference framework of the *Autorité des Marchés Financiers* (AMF) and mainly deals with the following areas: definition and formal communication of delegations of power, regular reviews of how duties are separated and how the organization enables each individual's responsibilities to be identified and conflicts to be resolved, verification by subsidiaries that the variable compensation

policy for its senior executives does not increase the risk of fraudulent conduct, and the implementation of a code of conduct or ethics to deal with conflicts of interest, irregular or fraudulent payments, competition barriers and insider trading (see section 2.3).

Wendel's Code of Ethics

The Executive Board of Wendel adopted a Code of Ethics in March 2015. This Code contains the values of the Company's employees and supplies the frame of reference for Wendel's role as a long-term investor. It applies to all employees and executives of the Company, its holding companies and all of its offices. Wendel encourages the companies in which it invests to adopt similar standards.

Wendel ensures that its activities comply with all laws and regulations regarding anti-money laundering, economic-sanction programs and related tax obligations, preventing corruption and competition law.

It takes steps to provide a respectful work environment for all of its employees, by promoting diversity, equal opportunity and the privacy of personal data. In return, Wendel employees must use the Company's operational resources in an appropriate manner that is consistent with their work purpose.

Wendel strives to communicate information that is accurate, precise and fairly presented to investors, shareholders and analysts; it also upholds the principle of equality of information and protects the confidentiality of privileged information. The Company's employees are expected to recognize and avoid potential conflicts of interest. Wendel builds relationships of trust with its partners in accordance with the interests of the Company.

Lastly, Wendel is a socially responsible company; it adopts environmentally friendly practices and actively contributes to the community (see sections 3.1.3 and 3.1.4).

Wendel's Code of Ethics can be viewed on its website: www.wendelgroup.com.

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 excellent talent, create the best possible working environment for its employees and also develop their skills.

As of December 31, 2014, Wendel and its holding companies employed a total of 84 people.

Half of Wendel's 63 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 has been present in Germany (Frankfurt) and Japan (Tokyo) since 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 21 as of December 31, 2014, through local recruitment and the transfer of five employees from France.

Employees* in France: staff numbers and changes	12/31/2014			12/31/2013			12/31/2012		
	Non-management	Management	Total	Non-management	Management	Total	Non-management	Management	Total
Total workforce	13	52	65	13	49	62	15	51	66
<i>of whom Women</i>	8	24	32	8	20	28	9	23	32
<i>Men</i>	5	28	33	5	29	34	6	28	34
New hires	-	4	4	-	3	3	-	7**	7**
<i>of whom Women</i>	-	4	4	-	1	1	-	5	5
<i>Men</i>	-	-	-	-	2	2	-	2	2
Departures	-	1	1	2	5	7	1**	4	5**
<i>of whom Women</i>	-	-	-	1	4	5	1	1	2
<i>Men</i>	-	1	1	1	1	2	-	3	3

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

** Including one change in employee category.

In 2014, Wendel employed three people on fixed-term contracts for a combined total of 11.5 months and three temporary employees to replace staff on maternity and sick leave.

In 2014, 49% of management-level employees at the head office were women (i.e. 24 out of 49).

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 €10.9 thousand in 2014.

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, 59 employees (permanent and fixed-term contracts combined) completed at least one training course in 2014, for a total of 1,206 hours of training. The courses mainly addressed communications techniques, foreign languages, specific business functions or, to a lesser extent, office software.

In addition, at the Wendel Global Conference in November 2014, all Wendel employees received training on compliance issues.

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 2014, Wendel financed daycare for 12 children, for the benefit of nine 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, two employees are taking part-time childcare leave.

Absences, excluding leave for family events, remained stable at around 1%. There were no work injuries in 2014.

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 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 2014 was approximately €11.97 million, down 2.3% vs. 2013.

Wendel has also had a collective performance bonus in place since 2006. The performance criteria established in 2012 were not met in 2014; accordingly, no collective performance bonus will be paid in respect of that year. However, a 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, financed largely by the Company.

Promoting employee shareholding

Wendel believes that employee share ownership is essential for establishing a long-term partnership with employees and has always encouraged it, whether through the Group savings plan that has been in place for more than 25 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, 68 employees received stock options and performance shares by virtue of the authorization granted at the Shareholders' Meeting of June 6, 2014 and the Executive Board's decision on July 8, 2014.

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, 2014:

- 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	80,682	€107.30
Options exercised during the year by the ten employees who exercised the most options	153,545	€30.53 ⁽¹⁾

(1) In 2014, these options were exercised at €65.28 (WI 3-2 plan), €67.50 (WI 1-2 plan), €18.96 (W 1-3 plan), €22.58 (W 2-1 plan), €44.32 (W 3 plan) and €82.90 (W 6 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 25,144.

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, 2014, excluding corporate officers, employees held 0.54% of the capital of Wendel via the Group savings plan.

In July 2014, the Executive Board decided to carry out a capital increase. 93% of eligible employees subscribed and were allocated a total of 19,022 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, 2014, more than 43% 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 ten employees of the Company who benefit from the plan.

3.1.3 Limited environmental footprint

Wendel's activities have little impact on the environment. Nevertheless, Wendel strives to do its share to limit any negative impact. For example, environmental criteria are incorporated into the management of its IT services and the building where Wendel's headquarters are located. In 2012, Wendel performed an inventory of its greenhouse gas emissions, in accordance with the decree implementing article 75 of the Grenelle 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.

Greenwishes, the waste management company selected by Wendel, compared the quality of the sorted waste collected over the past 12 months and created a ranking called "**Les Trophées de la Qualité du tri 2014**", which will reward the top waste-sorting performers each year. In 2014, Wendel won first prize in the beverage category (bottles, cans and plastic cups).

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 2015, Wendel renewed its support of Centre Pompidou-Metz.

In addition to its long-term support, Wendel works actively with partner institutions to further their development projects. In particular, Frédéric Lemoine represents the Group on the Boards of Directors of Insead and the Centre Pompidou-Metz.

- In 2014, Wendel offered its support to an art project commemorating the 70th anniversary of Jean Moulin's death. Stephan Balkenhol, an internationally renowned German artist living in the Moselle *département*, received the commission. The work, entitled "Jean Moulin and the Army of Shadows" and displayed at the Metz train station, was inaugurated on July 10, 2014. Our support of this high-quality initiative is another example of Wendel's attachment to the duty of remembrance and to the Lorraine region.

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 2014. 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. Four members were replaced in 2014. In June 2015, the composition of the Shareholders Advisory Committee will again change and the Committee will have nine members.

Wendel participated in the Actionaria trade show in 2014.

- Wendel keeps the financial community (analysts, institutional investors and individual shareholders) regularly informed of its earnings, business activities and strategy. In 2014, Wendel met with more than 300 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 Wendel's subsidiaries reviewed by an independent verifier

Wendel is the majority shareholder in Bureau Veritas, Materis Paints, Stahl, Mecatherm and Parcours. The financial statements of these companies are fully consolidated in Wendel's consolidated financial statements. Accordingly, they have been reviewed by an independent third-party verifier, as required by Article L. 225-102-1 of the French Commercial Code (*Code de commerce*). Wendel reports the main points of their sustainable development policies in the sections that follow.

A detailed presentation of the Group's subsidiaries can be found in section 1.10 "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.

Bureau Veritas

For Bureau Veritas, Wendel's largest investment, listed on Euronext Paris and included in the Next 20 index (Compartment A, code ISIN FR FR0006174348, stock symbol: BVI), Wendel publishes a summary of information on its social and environmental responsibility. Since Bureau Veritas is also obligated to verify and publish these data, all of the required information is available in its own registration document for 2014.

Bureau Veritas is a world leader in inspection, certification and laboratory testing. Bureau Veritas helps its clients improve their performance by offering innovative services and solutions to ensure that their assets, products, infrastructure and processes meet the standards and regulations related to quality, health, safety, environmental protection and social responsibility.

Social responsibility a core priority for Bureau Veritas and it fulfills its social and environmental commitments in two complementary ways:

- through the very nature of its work, Bureau Veritas helps its clients to implement their CSR processes. By providing its services to a large number of businesses, organizations, and public authorities on a daily basis, Bureau Veritas indirectly contributes to protecting the environment, preventing risks, and improving quality, for the benefit of the whole community;
- through its CSR policy, Bureau Veritas is also firmly committed to fulfilling its societal responsibility and develops many initiatives in this regard. Its policy centers around the main issues identified when Bureau Veritas defined a materiality table classifying the CSR information that is most important to the group and its stakeholders.

The main points of Bureau Veritas' CSR policy are preserving its independence and impartiality, embracing ethical behavior, ensuring the safety and the professional development of its employees, and promoting equal treatment, diversity and mutual respect. All of these values are part of Bureau Veritas' policies; they are reinforced by the group's three uncompromising principles: safety, ethics and financial control.

The social aspects of the group's CSR policy primarily concern employees and subcontractors. Particular attention is devoted to these people, so as to guarantee the quality, independence and ethical nature of services and to support the professional development of its teams.

As for environmental aspects, Bureau Veritas' impact is very limited due to its service-related business. Its initiatives therefore focus on keeping transportation to a minimum, diminishing energy consumption and reducing emissions from laboratories.

Bureau Veritas publishes a full CSR report in the registration document available on its website.

Materis Paints

In 2014, Materis Paints' CSR policy continued along the lines of the "CORE, Commitment to a Responsible Enterprise" plan launched by Materis⁽¹⁾ in 2010. The plan defined seven fundamental goals relating to three key themes.

- Economic
 - Supporting customers in their sustainable development efforts.
 - Innovating and proposing products and services that are more respectful of their users and the environment.
- Environmental
 - Optimizing the use of resources in products and processes.
 - Limiting the impact on the environment.
 - Strengthening the environmental management system.
- Social / societal
 - Acting for and with employees.
 - Strengthening the group's presence in the local community.

(1) The Materis group's central functions were discontinued at the end of January 2015.

In 2015, following the dissolution of the Materis holding company, Materis Paints will define its Corporate Social Responsibility (CSR) policy for the years to come. The policy will be based on seven values defined by Materis Paints at the end of 2014 as fundamental principles. These guide the initiatives, decisions, choices and day-to-day conduct of the people in the group.

Stahl

Stahl is the world leader in high-performance coatings and leather-finishing products. Its registered office is in the Netherlands and it employs nearly 1,800 people. As a manufacturer of chemical products, Stahl considers its major environmental and social responsibility challenges to be the health and safety of its employees and product innovation to minimize the environmental footprint of its products. Stahl has launched a continuous improvement process in the area of its employees' health and safety. In every country, employees are required to attend certain training programs to raise their awareness of these issues. New employees in production facilities or laboratories undergo specific induction training. Refresher programs are regularly offered to all staff.

Through its continuous improvement efforts, Stahl also ensures that the impact of its industrial sites and their activities on surrounding ecosystems is limited, since all of its sites are ISO 9001- and/or ISO 14001-certified. Thanks to its innovative research, Stahl was one of the first companies in its sector to market water-based products. These products now represent the majority of Stahl's production (80%).

Mecatherm

Mecatherm is the world leader in equipment for industrial bakeries. Using its unique R&D and product innovation know-how, Mecatherm designs production lines and assembles them at its sites. Since it is not involved in production, its own activities have little impact on the environment.

Mecatherm is committed to continually raising the bar in terms of continuous improvement. It strives to design equipment that integrates high standards, particularly in four areas: food safety, personal security, equipment preservation and environmental protection.

Backed by its very strong expertise, market knowledge and positive growth outlook, Mecatherm took steps in 2014 to actively improve its overall performance, with the aim to better meet the expectations of its customers and the demands of an increasingly competitive market.

The main initiative taken in this area in 2014 was to enhance and harmonize Mecatherm's information system by adopting a new ERP (Enterprise Resource Planning) solution. This tool will enable significant improvements to be made to the group's social, environmental and societal performance.

Parcours

Parcours is an independent vehicle leasing specialist in France with more than 350 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; every new location is built according to specifications that incorporate France's standards of high environmental quality ("HQE").

3.2.1 Materis Paints

3.2.1.1 Commitments for a responsible enterprise

General policy

In 2014, Materis Paints' CSR policy continued along the lines of the "CORE, Commitment to a Responsible Enterprise" plan launched by Materis in 2010. The plan defined seven key goals relating to the three main pillars of sustainable development.

Economic	Environmental	Social/societal
<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 products and processes ■ Limit the impact on the environment ■ Strengthen the environmental management system 	<ul style="list-style-type: none"> ■ Act for and with employees ■ Maintain a strong presence in the local community

In 2015, now that Materis has been dissolved, Materis Paints will establish the principles of its Corporate Social Responsibility (CSR) policy for the years to come.

The policy will be based on seven values defined by Materis Paints at the end of 2014 as fundamental principles that guide the initiatives, decisions, choices and day-to-day conduct of the people in the group.

These values are:

- Safety
- Excellence
- Respect
- Customer satisfaction
- Imagination
- Teamwork
- Simplicity

CSR governance

Early in 2015, Materis Paints will form a CSR steering committee consisting of members from the Marketing, Supply Chain and R&D, HR, QSE and Communications departments, who will define and manage the group's CSR strategy.

Each Materis Paints subsidiary develops its long-term approach to CSR in the way that is best suited to the local market and its customers. Materis Paints 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 guidelines.

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

For example, since 2011, Zolpan, a French subsidiary of Materis Paints, has followed a local approach involving "LUCIE" certification. In 2014, it renewed this CSR standard based on ISO 26000.

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 financial statements of Materis Paints.

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 method for that indicator. Data are collected using standard files validated by Materis Paints.

Responsibilities and verifications

The group's Human Resources department collects and consolidates the HR data, checks that they are consistent, and validates them. The human resources community in each Materis Paints subsidiary is in charge of producing these data.

The QSE department of Materis Paints consolidates the data related to safety and the environment and performs consistency checks.

Safety indicators are produced by the Safety manager in each subsidiary. Environmental data are produced by environment experts in each Materis Paints subsidiary.

Each Materis Paints subsidiary is responsible for collecting and verifying the data it reports.

Each site director is responsible for producing the indicators and performing an initial verification of the result.

Methodology

Methodological limitations and uncertainties

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

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

Safety indicators

Lost-time injury frequency rate

The lost-time injury frequency rate 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. It is reported for all entities in the Materis Paints group.

Accidents while travelling are included in this indicator when they occur during working hours. Accidents while commuting between home and work are not included.

Lost-time injury severity rate

The lost-time injury severity rate is the number of days of working time lost over a 12-month period following a work-related accident, per 1,000 hours worked. It is reported for all entities in the Materis Paints group.

Environmental indicators

Water consumption

Water consumption includes the consumption of water for production activities and does not include the water used in offices or for hygiene. The reported amounts cover all entities in the Materis Paints group, with the exception of 42% of Tollens sales outlets and 33% of Zolpan sales outlets.

Energy consumption

Energy consumption includes the consumption of energy for production activities and does not include energy consumed in offices or associated with employee transportation. It is reported for all entities in the Materis Paints group.

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. Employees whose employment contract has been suspended and participants in programs that alternate classroom study with practical work experience are counted among the workforce at the end of the reporting period. Trainees and PhD students are not counted. Workforce data is reported in full-time equivalents.

Hires & departures

Employees with permanent contracts who are hired or leave the group are reported for all entities in the Materis Paints group. Fixed-term contracts made permanent or internal transfers within the group are not counted as either hires or departures.

Absentee rate

The absentee rate is reported for all entities in the Materis Paints group. It is calculated by dividing the number of calendar days of absence by the number of theoretical calendar days worked. Absences include absences due to sickness, unauthorized unpaid leave, and lost time due to work-related accidents and commuting accidents. Other types of absences, in particular long-term leave of more than three years, are not included in calculating the absentee rate.

Total hours of training

Hours of training is reported for all entities in the Materis Paints group. This figure includes in-house and external training (including e-learning). It does not include the study hours in France for participants in programs that alternate between work and study or time spent in safety training.

3.2.2.3 Social initiatives: acting for and with employees

With nearly 3,900 employees worldwide and commercial and industrial locations in nine countries, it is important for Materis Paints to create the working conditions that best enable its employees to achieve their full potential and, through their engagement, contribute to the group's development.

Safety first, the most important value of Materis Paints

Building a genuine safety culture at Materis Paints

The safety of employees and subcontractors is the most important value of Materis Paints, which made the "zero accident" choice as of 2013.

Several Materis Paints subsidiaries have succeeded in reaching this objective, and some have achieved it several years in a row.

The Materis Paints Executive Committee and the senior management teams in charge of the various entities are closely involved in these efforts to build a safety culture and pass it on to all employees. A safety indicator is included in the annual objectives of the CEOs of each entity or country as well as those of many managers.

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

In 2014, the position of Director of Quality, Safety and Environment was created, reporting directly to the Chairman of Materis Paints.

In 2014, Materis Paints also defined ten "golden rules" of safety, which apply to all jobs in all subsidiaries, and applied them to 95% of its workforce (with the goal to reach 100% in 2015).

Every employee met with their manager in a meeting at which the golden rules of safety were presented and explained and, at the end of the meeting, signed an undertaking to abide by these rules.

Similarly, eight golden rules of safety were defined and applied for managers.

Each year since 2009, World Safety Day at Materis Paints has provided an opportunity to focus the attention of teams around the world on the need to make safety a habit.

To help strengthen the safety culture among its managers in France, Materis Paints provides in-house training for them. Until the end of 2014, Materis organized this training program. At the end of 2014, the program was redesigned, with the help of an external service provider, to better fit the needs of Materis Paints managers.

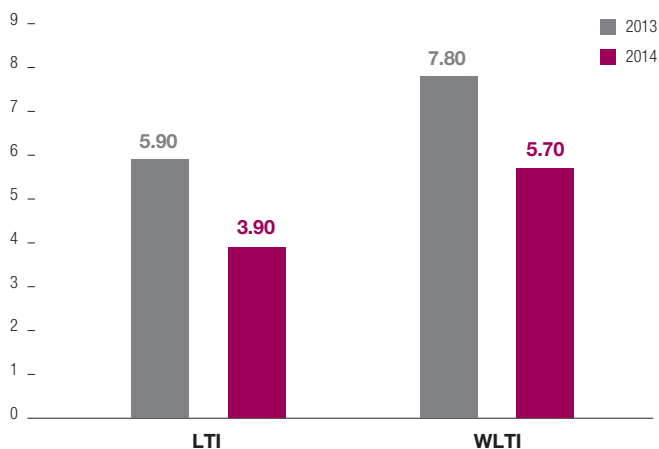
The new training sessions will begin in early 2015.

To facilitate the sharing of experiences and promote risk prevention, Materis Paints has several multilingual communications tools (presentations, posters, videos) that were developed by Materis and address different types of injuries, depending on the work environment.

They can be used by Materis Paints managers for their "safety minute" presentations, team meetings and information meetings and are downloadable from a secure extranet site devoted exclusively to safety.

Monitoring results

Injuries at Materis Paints



LTI: number of lost-time injuries per million hours worked among employees with permanent or fixed-term contracts and temporary staff.

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

The safety action plans implemented at Materis Paints subsidiaries helped to significantly reduce the LTI and the WLTi in 2014.

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

Since 2013, Materis Paints has included first aid treatments in its reporting and analysis processes to strengthen its efforts to prevent accidents at work.

Incorporating the safety culture into industrial practices

Materis Paints aims to obtain OHSAS 18001 certification for all of its industrial sites by the end of 2015. In 2014, its facilities in Bernal, Garin and Saint Luis in Argentina were OHSAS 18001-certified. To date, 10 out of 12 industrial sites, or 83%, have obtained certification.

Human resources organization

Human resource management is decentralized at Materis Paints. The HR department in each subsidiary coordinates HR policy, which is implemented locally in every country where the group has a sales and/or industrial presence.

The HR department at Materis Paints promotes collaborative work and coordinates a community of HR directors to facilitate the sharing of best practices, by organizing an annual meeting, for example.

The group's HR department defines and disseminates key HR processes such as recruitment and annual appraisals, and ensures that they are applied.

Salary increases and variable compensation paid to the 100 top managers at Materis Paints are proposed and examined for approval each year, following a centralized procedure.

The HR department in each subsidiary also assumes the following responsibilities:

- support and apply the commitment to safety made by Materis Paints and ensure that its organization functions in a way that exemplifies the Materis Paints culture;
- facilitate the development of each individual in an organization that promotes the taking of initiatives and responsibility;
- ensure that all of the Human Resources processes defined by the group HR department (for example, the annual appraisal interview, or "HR1") and the procedure for salary evaluations and increases are applied at all levels of the company hierarchy;
- implement training plans adapted to the subsidiary's growth strategy;
- promote and implement compensation policies that are consistent with benchmarks in the markets in which the subsidiary operates;
- prevent all forms of discrimination and ensure compliance with labor laws.

Fostering employee engagement

Based on the results of the Great Place to Work survey conducted at the end of 2013 (with a response rate of over 85%), Materis Paints France continued its efforts to engage its 2,400 employees by defining and implementing initiatives involving communications, coordination and participative management.

For example, to help employees get to know each other better, Tollens rolled out its Reverso campaign: all employees working at the headquarters in Clichy spent a day with sales teams in the "Couleurs de Tollens" network, either in a sales outlet or with a field sales representative conducting sales calls.

Sales representatives and sales outlet staff will in turn spend time at the head office in Clichy in 2015 to get an inside look at their colleagues' work.

In 2014, in response to the main expectations expressed by employees in the Great Place to Work survey, Materis Paints Research & Industry (MPRI), a subsidiary encompassing all supply chain operations in France, inaugurated the "World Café" at its six sites to enhance dialogue with its employees. The employees who volunteered to participate (20% of the workforce) met in small groups to explore a range of issues and generate ideas. Based on the results, an action plan was developed and implemented to enhance internal communications, improve onboarding procedures for new hires and create a friendlier atmosphere, conducive to greater efficiency.

At Robbialac, the performance of sales people and their managers is assessed each year against behavioral criteria and each quarter against quantitative indicators such as DSO, gross profit, customer retention and new customers.

The best performers are selected to act as coaches for those who score the lowest in the above areas. They receive training and are recognized and valued for their excellent work.

Internal communications

A Communications department was created in 2014 and reports directly to the Chairman of Materis Paints.

In the area of internal communications, the new department organized the first annual convention of executives, which was held in November. At this meeting, Materis Paints presented its growth strategy for the upcoming years and its company vales.

Once a quarter, executives from the management committees of all subsidiaries take part in a Group Management Meeting *via* video-conference. The company's targets and results, ongoing projects, and successes are shared. This regular meeting gives subsidiary executives up-to-date information about the group that they can share with their teams.

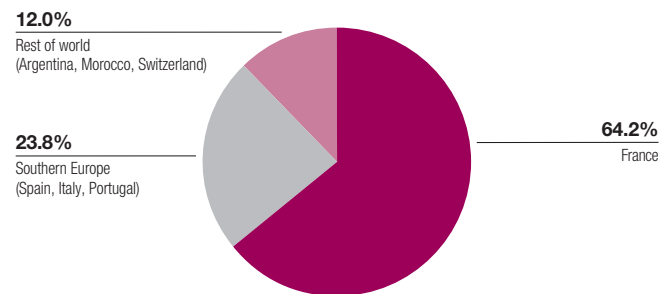
Workforce

Markets in southern Europe recovered slightly in 2014, while the Argentinean market felt the effects of soaring inflation and the foreign exchange market situation. After a promising start to the year, demand retreated in France in the second half. In this context, Materis Paints bolstered certain teams to enable them to carry out medium-term development projects and reduced its workforce in other structures to adapt to the market situation.

Worldwide, the workforce diminished very slightly.

The teams that were impacted by the need to adjust staff numbers received various types of support, with preference given to internal mobility whenever possible.

Breakdown of staff by geographic region



Absentee rate

The absentee rate at the Materis Paints group remained stable, at 3.03%.

Hiring, training and employee development

In a service industry like that of Materis Paints, human resources are key and can make a lasting difference with respect to competitors.

Hiring and onboarding

In 2014, Materis Paints hired 262 new employees on permanent work contracts.

Each of these new hires represents an additional opportunity to strengthen Materis Paints with skilled people whose engagement will support the group's growth.

Before resorting to external recruitment, preference is systematically given to employees already within the group whose performance demonstrates their potential for advancement.

Accordingly, the selection process has been reinforced to ensure that the people recruited from outside the group represent only the very best talent. For example, the HR department is involved in a collective process implemented at every functional level, and at least three work references are systematically checked for each job applicant.

To ensure the successful onboarding of recent hires, new initiatives were taken in 2014, such as the appointment of mentors to help new employees become familiar with their roles and the company.

As an example of an initiative, Robbialac in Portugal asks each new hire, after six months on the job, to assess the onboarding process and the training received since joining the company.

To facilitate the integration of its new employees, Materis Paints will organize an orientation day in France early in 2015 to introduce them to the group, its activities, its growth strategy, its values and its strong safety culture. The event also aims to promote dialogue among new employees in different subsidiaries and departments, as well as among employees and the group's executives.

To prepare for the future, the "*Couleurs de Tollens*" network revived its policy to welcome young people into the company by creating about 20 two-year positions for participants in programs combining coursework with practical work experience. Experience has shown that, on average, employees recruited through these programs stay with the company longer and advance more quickly.

Training

A training policy is developed locally by each subsidiary based on the development needs of the company and its staff.

Materis Paints is committed to offering regular training to its employees to help them build their skills and employability. In 2014, the number of group employees having participated in at least one training program during the year was stable (nearly 77% of employees), as was the average amount of time spent in training per employee (15.7 hours). In 2014, external training costs rose by 20%, indicating the greater sophistication of the training programs that were developed.

In the area of safety, Materis Paints developed a specific training program to be held every three years in France, called "Safety Management Best Practices." It will be delivered to 560 managers in France, beginning in early 2015.

Annual Performance Appraisal (APA)

The APA is an important event in the relationship between an employee and his or her manager. It is a time for discussion of the employee's overall performance and achievement of the goals set in the beginning of the year. This forms the basis for determining variable pay.

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

The APA is implemented in all group subsidiaries and is intended to reach all employees. The percentage of managers having completed APAs grew from 53% in 2013 to 81% in 2014.

Succession plan

Each subsidiary reviews its succession plan annually.

The succession plans for the management committee members in each subsidiary are consolidated by the group's Human Resources department to be presented to and discussed by the executive management of Materis Paints. These plans help the group ensure that it has the right people in place for its future development or that the necessary steps (training, mobility, recruitment, etc.) are being taken to achieve this objective.

High potentials, key personnel and experts

In 2014, the group human resources department launched a procedure to identify high potentials, key personnel and experts. Based on a set of predefined criteria, each subsidiary submitted proposals. After discussion with the group's management, a list of people to be closely followed was drawn up.

Compensation

The compensation policy of Materis Paints is coordinated with its subsidiaries and adapted to take into account characteristics that are specific to their local markets.

This compensation policy is based on the following principles:

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

All of the group's subsidiaries promote and implement variable compensation systems to enhance individual and/or collective performance.

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

Each year, Materis Paints subsidiaries engage in negotiations that enable a significant number of local collective agreements to be adopted regarding compensation or other HR topics (36 in 2014).

In 2014, personnel expense represented 23.9% of Materis Paints' sales.

Organization of working time

Each Materis Paints 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 by each group subsidiary.

In addition to collective agreements on compensation, 13 local agreements were signed in 2014 in areas related to working time, training, safety, health and diversity.

Diversity

Materis Paints fights all forms of discrimination.

In France, Materis Paints has signed agreements with adapted employment centers or sheltered workshops. Materis Paints also notifies specialized organizations for the employment of people with disabilities of available job openings

Freedom of association

In accordance with local regulations, Materis Paints 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

Protecting the environment is a key element in the Materis Paints culture, which is why the group invested €2.9 million in 2014 to prevent "environment and safety" risks, representing 15% of its total capital expenditure.

The group has developed an environmental strategy based on three priorities:

- strengthening its environmental management system;
- optimizing the use of resources;
- reducing its environmental impact.

The industrial activities of Materis Paints, mainly involving the formulation and manufacture of paint, have a moderate direct impact on the environment.

Strengthening the environmental management system

Materis Paints continued to prevent risks and reinforce environmental management at all of its industrial sites through the gradual achievement of ISO 14001 certification, an international standard for environmental management. In 2014, the Resana site obtained this certification. Seven Materis Paints sites, representing 44% of its industrial and logistics sites, are now certified to this standard.

Optimizing the use of resources

Resource consumption at Materis Paints is directly proportional to its volume of activity.

Energy management and energy efficiency

Materis Paints continued its energy efficiency initiatives to diminish its environmental impact and energy costs.

The group's total energy consumption in 2014 was 184.7 terajoules, down 13%, while business volume increased by 6%.

This decrease in fossil fuel consumption (a 38% decrease for heating oil and a 21% decrease for gas) led to reduced emissions of nitrogen oxides, sulfur oxides and CO₂, which fell by 4%, 29% and 23%, respectively.

After an initial analysis of its carbon emissions in 2012, Zolpan's distribution network conducted a new carbon assessment in 2014 and will develop an action plan in 2015.

Water management

The group's total water consumption in 2014 was 169,529 cubic meters, up 4.5% while business volume increased by 6.2%. Although water consumption usually correlates with production, Chemical Oxygen Demand (COD) decreased between 2013 and 2014, falling from 59.2 to 47.3 metric tons.

A number of Materis Paints industrial sites have been designed so that effluents are fully recycled and that no wastewater is discharged into the environment. The Wormhout (France) site is one example. Specific investments are made each year to improve industrial wastewater treatment and reduce discharges from the relevant activities.

At Les Franqueses (Spain), for instance, a new water treatment unit was installed at the end of 2014 and will help significantly reduce the site's COD.

At the plant in La Bridoire (France), improvements to the recycling station installed in 2012 led to a 36% decrease in wastewater discharge in 2013. A new study was begun in 2014 to explore ways to also reduce the plant's COD.

Raw material management

The processes employed by Materis Paints in its activities produce very little waste or spoilage.

In 2014, processes and recycling were improved, reducing spoilage from 4.5% to 4.3% of the manufactured volume.

Working closely with its packaging suppliers, the group was able to reduce its consumption of petroleum-based raw materials by using regenerated plastics. Its main supplier, accounting for more than half of its market share, uses up to 50% of regenerated polypropylene for the group's packaging.

Reducing its environmental impact

Management and disposal of industrial waste

In 2014, the industrial activities of Materis Paints generated a total of 9,101 metric tons of waste (a 2.7% increase from 2013 compared with a 6.2% increase in production over the same period). This waste was treated by specialist subcontractors accredited by local authorities.

The weight of waste classified as hazardous, as defined under the European Waste Catalogue, diminished by 6% between 2013 and 2014. This reduction was achieved through strict management of waste, including intensified efforts to sort waste.

In addition, in 2014, waste compactors were installed at the La Bridoire plant in France and the Casablanca plant in Morocco. By compacting certain types of waste, such as plastic wrap, some value can eventually be recovered from them.

Noise pollution

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

Materis Paints aims to obtain OHSAS 18001 certification for all of its industrial sites by the end of the first half of 2015.

Land use

The land footprint of the industrial activities of Materis Paints and their direct impact on land are not significant and do not warrant close tracking of land use.

Adaptation to the consequences of climate change

The group's activities are not directly impacted by the consequences of climate change. Accordingly, it has not developed an overall policy in this area.

Measures to protect and enhance biodiversity

No major, immediate impact from the industrial activities of Materis Paints 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 an overall policy to protect biodiversity in the areas surrounding its industrial sites.

3.2.2.5 Societal initiatives

In 2014, Materis Paints continued to implement the main strategies defined by Materis to best serve its customers and the communities in which the group operates:

- innovating to design and propose products and services that closely match customer needs and the requirements of Sustainable Construction;
- strengthening the relationship between the group's sites and the communities where the group conducts its industrial and sales activities.

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

The end customers of Materis Paints products are construction professionals and individuals, for whom the group has continuously

invested in R&D over the past few years to reduce the VOCs (volatile organic compounds) released by its products. Ninety percent of the paints in its product ranges are now water-based.

In 2014, Materis Paints launched a major innovation in the market: an anti-formaldehyde paint that reduces indoor air pollution by absorbing major pollutants. When used on the four walls and ceiling of a room, the amount of pollutants in the indoor space can be reduced by up to 80%. This paint innovation was named Innovation of the Year, all categories combined, by the home improvement chain Castorama in France.

Materis Paints is a pioneer in exterior thermal insulation, with 15 million square meters installed since 1975, and is constantly extending its range of external insulation systems (about 13% of its sales) to improve energy efficiency and comfort in buildings. For example, Materis Paints added the following products to its range:

- launched in 2011, the second generation of a fire-resistant paint, involving a major change in formulation;
- starting in 2014, colorants using "cold" pigments that can be adapted for use in exterior thermal insulation.

In 2014, the R&D investments of Materis Paints represented 1.3% of sales from its manufacturing activities (excluding resale).

Strengthening its presence in the local community

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

The impact of the business activities of Materis Paints and the activities resulting from the use of Materis Paints products are mainly local.

Through its business, Materis Paints contributes to the construction and renovation of housing, commercial real estate and infrastructure, the vast majority of which are local markets.

Most of its production operations are also carried out locally. In 2014, the share of Materis Paints revenues generated by products sold in the regions where they were produced was more than 95%.

Similarly, the policy of Materis Paints for purchasing the raw materials used in its industrial processes is to work with suppliers close to its plants.

Relations with suppliers and subcontractors

Suppliers of products distributed by Materis Paints are included in its responsible purchasing policy. In assessing and selecting its suppliers, Materis Paints takes their CSR commitments into account. It also classifies suppliers using an in-house method called LIFE (Leader, Interested, Follower, Emptiness). As part of this method, 75 suppliers, accounting for 85% of the purchases of Materis Paints for resale, answer an annual questionnaire about their CSR policies. In 2014, 77% were very advanced in their sustainable development initiatives, with as many as 43% qualifying as proactive.

Partnership and sponsorship initiatives

Materis Paints allows its teams in each country to choose their own local initiatives.

They tend to work with the associations or organizations in which Materis Paints employees are volunteers.

In Morocco, the Arcol subsidiary is running a program to renovate rural schools through skills volunteering and paint donations.

The Argentinean subsidiary Colorin works with TECHO, an organization that builds wooden houses to help needy families in South America.

In France, Tollens partners with Institut Imagine, the largest European research center for childhood diseases. Among other initiatives, Tollens donated half of the 13,000 liters of paint needed to embellish the new building inaugurated by the Institut in 2013.

Since 2009, Zolpan has offered nearly 30 sustainable development grants to projects being supported by Zolpan employees who volunteer their personal time. The beneficiary organizations often provide services to needy communities, protect cultural heritage, or promote sports.

Many subsidiaries also promote culture and the arts:

Colorin is a partner of Glaciarium, Museo Del Hielo, a museum dedicated to the understanding of glaciers and the environment. In Portugal, Robbialac has partnered with Museu Coleção Berardo (Lisbon) since 2011. Tollens is a partner of three museums in France:

Musée d'Orsay (Paris), Musée de l'Orangerie (Paris) and Musée de la Piscine (Roubaix). Zolpan is a long-term partner of CitéCréation, the world leader of painted murals, and contributed in particular to the "Mur des Canuts" mural in Lyon, France, which is the largest *trompe-l'œil* fresco in Europe.

Preventing corruption

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

In 2014, an anti-corruption charter was presented to the Executive Committee. Each Executive Committee member, including all the CEOs of the operational companies, signed Business Conduct Guidelines that incorporate the anti-corruption charter.

The CEOs of the operational companies will determine how the charter will be implemented locally in their companies in 2015.

Commitment to human rights

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

The Business Conduct Guidelines also refer to the Materis Paints charter on compliance with laws and regulations on export control and trading with certain countries (the Materis Paints Group Policy Regarding Compliance with Trade Control Law). The CEOs of the operational companies have made a commitment to follow procedures to ensure that the Materis Paints group does not trade with countries subject to international sanctions. These include countries considered to violate human rights.

3.2.2.6 Summary of environmental and social indicators

Human resources indicators	2013	2014
Workforce		
Group workforce	3,894	3,864
of which permanent contracts	3,759	3,706
of which % of permanent contracts	96.5%	95.9%
of which fixed-term contracts	135	158
of which % of fixed-term contracts	3.5%	4.1%
of which women	1,071	1,079
of which % of women	27.5%	27.9%
of which men	2,823	2,785
of which % of men	72.5%	72.1%
New hires in the group ⁽¹⁾	250	262
of which women	74	72
of which % of women	29.6%	25.9%
Departures from the group ⁽¹⁾	426	368
of which women	119	100
of which % of women	28%	25%
Breakdown of staff by geographical region		
France	63.6%	64.2%
Southern Europe (Spain, Italy, Portugal)	24.2%	23.8%
Other countries (Argentina, Morocco, Switzerland)	12.2%	12%
Personnel expense as a % of sales	23.9%	23.9%
Absentee rate	3.10	3.03
Training		
Number of employees having completed at least one training program	3,020	2,959
% of employees having completed at least one training program	77.5%	76.5%
Average number of training hours per employee	16.9	15.7
External training costs as a % of payroll	0.56%	0.72%
Personal safety⁽²⁾		
Number of work injuries with at least one day of lost time	42	26
Number of work injuries without lost time	13	12
Rate of injuries with lost work time	5.9	3.9
Rate of injuries with or without lost work time	7.8	5.7
Severity rate ⁽³⁾	0.19	0.20
% of industrial and logistics sites with OHSAS 18001 certification	63%	83%

(1) Permanent contracts only.

(2) Scope including permanent, fixed-term and temporary employees and excluding subcontractors.

(3) Severity rate: (number of days of working time lost x 1,000)/number of hours worked.

Environmental indicators	2013	2014
% ISO 14001-certified industrial sites	38%	44%
Waste produced (% of production volume)	4.5%	4.3%
Energy consumption (TJ)	212.0	184.7
CO ₂ emissions (metric tons)	5,051	3,873
NO _x emissions (metric tons)	4.35	4.18
SO _x emissions (metric tons)	0.38	0.27
Water consumption (m ³)	162,154	169,529
Chemical Oxygen Demand (COD) (metric tons)	59	47
Suspended solids (metric tons)	27	26.5
Volatile Organic Compound (VOC) emissions (metric tons)	198.7	118.9

3.2.3 Stahl

3.2.3.1 Highly committed to developing employee skills

Employment

As of December 31, 2014, Stahl had 1,766 employees (1,740 FTE), an increase of 573 employees over 2013. In May 2014, Stahl acquired the Leather Services Division of Clariant. This acquisition includes three production plants and around 560 employees. This explains some of the reported numerical changes between 2013 and 2014.

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

Region	2014	2013	2012
Europe	811	474	482
Asia-Pacific	339	270	276
India and Pakistan	278	168	180
North and South America	312	266	299
TOTAL	1,740	1,178	1,237

87% of Stahl's employees are on permanent contracts. Its workforce is 78% male and 22% female. Total FTEs leaving (dismissals and resignations) during 2014 were 130; 702 joined in the same period. These figures are consistent with the markets in which Stahl operates and reflect the trends in the various regions.

Working Organisation

The average working hours in Stahl are around 40 hours per week but with such an international, diverse organisation, there is inevitably some local variance. Recording of working hours is done with a

clocking system on some sites, others rely on manual recording. Stahl records and reports the sick rate per site and recording absenteeism at the Corporate level is being set up.

Social Relations

Stahl applies collective bargaining agreements, negotiated between the local site management and employee representatives, mainly regarding pay and working conditions specific to the plant. All of Stahl's installations are small or medium-sized, which promotes a healthy labor environment and the ability to deliver the high level of

service required by the industry and by its customers, to whom the company is very close.

Employees are provided with the training required for their positions, especially in HSE, technical and sales areas. In addition, Stahl uses performance appraisal as a way to help employees achieve personal development and business objectives.

The company uses various human resources tools to manage its activities and help set and achieve goals, such as a global bonus system and competitive employee benefits in each country.

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 2014, was €87 million, 45% above the amount for 2013.

Training

The highly technical and innovative markets that Stahl serves require 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 programs or in-house training sessions organized and supervised locally to ensure that they are adapted to the characteristics of the relevant plant and market segments served, such as chemicals and leather treatment. In 2014 we set up an intensive training program for future managers involving a total of 50 employees and in 2015 this program will be run again for another 60 employees.

In 2014 we set up the Stahl Campus in the Netherlands with the intention to improve our own technical training and to offer training packages to customers and other interested parties.

In 2014, the average seniority of Stahl's technical staff was more than 10 years. A key reason behind this loyalty is that Stahl offers its leather and coatings specialists a work environment conducive to their professional development. The Company and its customers deeply

value their knowledge, skill, and ability to innovate in niche markets, which have earned Stahl a reputation of excellence.

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 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. In 2014 there were 72 women in management positions, which represents a ratio of 4.1% on total positions, compared to 3.7% in 2013.

The nature of Stahl's business and the need to respect strict security and potentially emergency measures, somewhat limits the opportunities for disabled employees; there are currently 20 persons 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 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. The topics of these training programs are limited to risk and safety of products, installations of products and application labs, safety policies and procedures for the specific installations and risk analysis and assessment.

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:

	2014	2013	2012
Frequency rate of accidents with lost work time	0,15	0,08	0,12
Severity rate of accidents	5,55	0,97	

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

Severity rate is calculated as follows: $(\text{number of lost days} \times 100,000) / (\text{number of hours worked})$.

3.2.3.2 Protecting the environment, a key issue for Stahl

Given its activity in the chemical industry, Stahl is committed to making Health, Safety and Environment (HSE) an integral part of its economic

development. Its Executive Management is directly responsible for ensuring that HSE principles are correctly applied. In addition, safety and environmental issues are included on the agenda of every Board of Directors, management and department meeting in all Stahl operating units.

Stahl's main commitments to HSE are as follows:

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

Stahl committed in 2013 to work with their sustainability mentor, The Natural Step, on a Sustainable Life Cycle analysis in order to better understand the complete impact of its operations from the start to the finish of a product life cycle. The first study was completed in March 2014 and remains a valuable benchmark for better understanding the potential impact of Stahl's entire supply chain. It revealed the need for a more in-depth analysis of its suppliers. Accordingly, a questionnaire will be distributed to these suppliers in 2015. The study also highlighted a need to better understand all components of the supply chain. Many actions have arisen from this, including cooperation with the University of Loughborough (UK) on the recycling of shoes.

Stahl's HSE (Health, Safety & Environment) organization

The management team of each Stahl 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 all have HSE objectives. They adapt HSE principles to the local environment and set up rules for achieving their objectives. These rules are generally detailed in written procedures drawn up by the managers, which place particular emphasis on ensuring that appropriate measures are taken to evaluate and verify compliance with national legislation. Stahl's

eleven production sites comply with local legislation. This includes the three sites added in the Clariant acquisition – Leinfelden in Germany, Palazzolo in Italy and Kanchipuram in India.

Continuous improvement

Most Stahl production 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. These measures include a new integrated information system used to better understand all the chemicals – raw materials through to finish products – used by Stahl and including all possible impurities and by-products. The program was installed in 2014.

Stahl works closely with all customers to ensure safe and correct usage of their products in customer plants.

Waste management

Stahl is especially attentive to waste management. Waste disposal is carried out by government-approved companies. Incineration of chemical waste is only carried out using responsible methods and suppliers. In 2015, Stahl is going to adapt the way of reporting waste to achieve higher accuracy and to work on improving the handling of waste.

Emission management

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

- Reducing CO₂ emissions

Stahl developed, together with an engineering company, a proprietary system for measuring its carbon footprint.

Optimizing the use and consumption of natural resources

- Water consumption

Stahl uses water as a raw material for many of its products as well as for cleaning equipment. For this reason, Stahl pays particular attention to reducing water consumption at its sites. The volume of cleaning water used depends on the products manufactured at each of the company's sites. Products that use pigments or viscous polymers, for example, need more cleaning water.

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

■ Energy consumption

Stahl's ongoing priority is to consume it in an efficient and responsible manner and not waste it. Stahl makes significant efforts to raise employee awareness about this fundamental goal.

In 2015, all staff will receive training on sustainable development issues, in particular on saving energy.

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. For example, the new building on the plant in Waalwijk will be equipped with solar panels.

Finally, Stahl stays in close contact with its customers and suppliers and with universities so as to stay abreast of innovation in this area.

■ Raw materials consumption

Thanks to its cutting-edge, 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. The resulting sustainable development champions team, gathering members from each business unit and key people from R&D, held their first meeting in February 2015. This team will take responsibility to ensure Stahl constantly improves its performance in this area. Their responsibility will include accurate measurement of the progress on this matter.

Climate change and Biodiversity

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

3.2.3.3 Corporate citizenship

Stahl supports Corporate Social Responsibility (CSR) initiatives.

Signature of the Global Compact

Stahl signed the Global Compact on January 1, 2012, and has since established these eight 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. 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 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 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 very active in the Leather Programme of the Dutch MVO since the start of 2013. The first project in Mongolia is well under way, and others will follow shortly in India. This results in Dutch shoe and leather goods 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 Iberica 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 universities in Barcelona.

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

principles from the United Nations Global Compact. Sponsored projects in 2014 included the following:

- *Schoenenmuseum Waalwijk* (Shoe Museum) – Stahl is a benefactor of the museum and has an exhibit presenting its technologies and expertise;
- *Hospice Francinus de Wind, Waalwijk* – a special care home for terminally ill residents, where healthcare staff and volunteers work together to ensure that patients can spend the final stage of their lives in a more homely environment, instead of a hospital. Stahl donated yearly financially; furthermore, a team of Stahl employees participate in a cycling tour to raise additional money. Stahl contributes to this initiative with some promotional material, such as pens and t-shirts;
- *Terre des Hommes* – In September 2012 Stahl participated in a national campaign in the Netherlands. Stahl staff donated used textiles, leather goods and cell phones. The proceeds of this campaign were invested in educational and sports projects in India for underprivileged children;
- Move Award – Stahl supports Move, a project that invites design students to imagine the world of the future. Move wants to help reveal talent by organizing an annual design competition. Move is an initiative of Stichting Donna-e-Mobile a network of Automotive Women Designers meeting yearly in Milan during the interior Design fair.
- Stahl India sponsors the fight against leprosy by making yearly contributions. It also donates to Sri Ramakrishna Mission, an organization that assists the Suzhou orphanage, and to the Red Cross.
- Charity Brisk Walk – an initiative to genuinely improve the quality of people's lives by raising funds to support charities.
- Stahl Asia Pacific donates funds to the associations organizing Charity Brisk Walk, in which members of its staff participate. The event also promotes employee bonding, a break from routine, and maintaining a healthy work-life balance through exercise.

Sub-contracting and suppliers

Stahl is careful in selecting suppliers and sub-contractors who are capable and determined to meet our standards with regard to safety, the environment, and social commitment. Within the next year, we expect to formalize this process to give us even more control over our supply chain. We will learn from the Sustainable Life Cycle Analysis how effective our current controls are and where we need to improve in the future.

In 2014 Stahl developed a Suppliers Evaluation to get a picture of how Stahl's suppliers work on their sustainability development. Together Stahl wants to improve the knowledge and transparency of the full supply chain.

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 engaged in any form of corruption and has made a commitment never to do so. 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 Nations Global Compact Stahl, Stahl's anti-corruption pledge is clearly stated on the website and in all communications regarding our corporate social responsibility. It is also included in the Stahl Code of Conduct, which was implemented in 2014.

No cases of corruption have been reported. If such an occasion should 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 that they have all the information required to use its products safely and that there is no inherent risk for consumers using its products.

Human rights

Stahl upholds the principles in the Universal Declaration of Human Rights in conducting its business and in its commercial relationships. The respect for human rights has been integrated into the company's internal and external operations, but has never been formalized.

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. The code of conduct developed in 2014 has been released during 4th quarter 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 publicly 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.

Methodological limitations and uncertainties

The reporting methods for certain social 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 one or more days of working time that occur over a 12-month period, per 100,000 hours worked.

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

Environmental indicators

These indicators have not been published in this report, because the reporting system used across the group is being redesigned following the integration of the Clariant sites.

Social indicators**Total workforce**

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

Hires & departures

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

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 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 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 Setting ambitious goals for continuous improvement

The Mecatherm group is committed to continually raising the bar in terms of continuous improvement. It strives to design equipment that integrates high standards, particularly in four areas: food safety, personal security, equipment preservation and environmental protection.

Backed by its experience, market knowledge and positive growth outlook, Mecatherm took steps in 2014 to actively improve its overall performance, with the aim to better meet the expectations of its customers and the demands of an increasingly competitive market.

The main initiative taken in this area in 2014 was to enhance and homogenize Mecatherm's information system by adopting a new ERP (Enterprise Resource Planning) solution. The new ERP covers a broad scope:

- **purchase management**;
- **accounting management** (accounts receivable and payable, property, plant & equipment, personnel);
- **management control**;
- **production management** (scheduling, etc.);
- **inventory management** (logistics).

This project required a high level of involvement from all teams.

The new tool will enable significant improvements to be made to the group's social, societal and environmental performance. Specifically, it will enable Mecatherm to:

- streamline management processes and improve response times;
- more closely monitor business activity in order to plan actions and reduce production costs, for example;
- improve quality;
- better adapt practices, especially those relating to purchasing and subcontracting, to real needs;
- ensure that all stakeholders are receiving consistent, accurate and homogeneous information;
- share the same information system and facilitate internal and external communication;
- ensure the system is scalable for the group's future needs;
- harmonize training, using a shared approach and work environment for a large number of employees;

- reduction in the unnecessary printing of documents to help protect the environment.

Meanwhile, Mecatherm also continued to innovate. It pursued its efforts to improve the production of its baked goods and further boost the profitability of its production lines for its customers. The group also offers its customers training, preventive maintenance and online assistance services.

3.2.4.2 Reporting methodology

Scope and methods of consolidation

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

A specific calculation method has been defined for each indicator. Data are collected using report files validated by Mecatherm, mainly generated by the payroll system.

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 Mecatherm on the last calendar day of the month.

Hires & departures

Fixed-term contracts made permanent are not counted as either hires or 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

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

As of December 31, 2014, Mecatherm had 351 employees, compared with 300 as of December 31, 2013. The majority of employment contracts were full-time, permanent contracts. Fixed-term contracts represented 7.1% of the total in 2014. Mecatherm plans to maintain the

proportion of fixed-term contracts between 5% and 10%. The total workforce was composed of 21% managers and 79% non-managers. Women made up 9.1% of the workforce. Employees with disabilities represented 2.8% of the workforce.

In 2014, the group's turnover rate was 22.6%. There were two dismissals. The absentee rate in 2014 was 2.84%; the goal set in 2012 to reduce this figure to under 3% was achieved in 2013 and maintained in 2014.

	2014	2013	2012
Total workforce as of December 31	351	304	284
Average staff numbers	358	322	307
Absentee rate	2.8	2.8	3.2

Compensation

Total compensation paid in respect of 2014 was €14.4 million. The level of compensation of all employees increased in the range of 2-3% on average. In 2014, there was a 1.2% cost-of-living increase plus individual promotions. In addition, all Mecatherm SA and Gouet SAS 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. Of the total workforce, 1.42% work part-time due to medical leave or childcare leave.

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.

Training

More than 60% of employees participated in training in 2014, for a total of 4,372 hours of training. Mecatherm intends to maintain its goal to have at least one of every two employees take part in training.

Training is scheduled and tracked by the internal Human Resources departments. The training programs delivered on a yearly basis mainly

cover technical skills, safety (such as driving forklifts, electrical qualifications or emergency first aid at work) and language skills. Every year, other types of training are offered to help employees keep their knowledge and skills up to date.

In 2014, a large number of employees received IT training in connection with the new ERP solution, the new product data management software and overall changes to the information system.

Non-discrimination

Mecatherm is committed to maintaining a steady proportion of employees with disabilities in its workforce. Job applicants with disabilities are encouraged to apply for open positions and workstations are adapted as necessary. In 2014, 2.8% of its employees were recognized as having a disability.

In addition, Mecatherm reaffirmed its commitment to workplace gender equality by signing a new plan in this area with employee representative bodies in 2014.

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 a wide range of risks. These include health risks (noise-induced and musculoskeletal disorders), chemical risks, psychosocial risks, and working-at-height risks. New initiatives are introduced each year with the collaboration of the Health, Safety and Working Conditions Committee (CHSCT), the state health insurance organization (CRAM) and the occupational health administration. For example, in 2014, Mecatherm took additional steps to prevent injury from vibrations and working at height. Its prevention initiatives include ensuring that its employees are properly informed through training and that individual protection equipment is made available to them. The lost-time injury frequency rate was 17.47 and the severity rate was 0.71.

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.

Efforts already begun in 2013 to increase the energy efficiency of the Mecatherm group's own facilities and equipment were continued in 2014. As a result, energy consumption was reduced in 2014, especially for gas. This energy-saving chiefly results from employee awareness campaigns, such as campaigns to protect the environment.

Mecatherm tracks water and energy consumption on its three sites. The following table presents the indicators Mecatherm tracks.

Indicators	2014	2013	2012
Direct energy (gas) ⁽¹⁾ MWh	3,075	4,686	5,890
Indirect energy (electricity) MWh	1,412	1,380	1,425
Water m ³	3,006	1,957	2,045

Water consumption increased in volume between 2013 and 2014, mainly due to the higher number of acceptance tests performed on the production lines in the demonstration hall. Electricity consumption decreased, partly due to the milder weather during the 2013-14 winter.

Other energy consumption reached the following levels in 2014:

Propane consumption 606,903 kWh;

Diesel fuel consumption 181,885 L.

Waste management

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

Type of waste (in metric tons produced)	2014	2013	2012
Ordinary industrial waste and paper ⁽²⁾	98.56	85.18	35.46
Wood ⁽²⁾	52.79	49.92	26.18
Stainless and other steels ⁽²⁾	75.42	81.39	59.84
Fermentables (bread, dough, flour) ⁽¹⁾	97	11.05	59.93
Hazardous (electronic, electric)	1.07	-	-

(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.

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

Optimized use of raw materials

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

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

Consumption (in metric tons)	2014	2013	2012
Paper	9.7	10.3	9.0

Climate change

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

Biodiversity

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

3.2.4.5 Societal data**Promoting employment and regional development**

Mecatherm has not manufactured any parts for about 15 years; this activity is subcontracted to highly specialized companies who apply detailed specifications. Mecatherm's workshops are therefore devoted to fitting and assembling parts and sub-assemblies manufactured by the subcontractors. Many of these subcontractors are local: for the Barembach site, 88.99% of purchases were made from 55 out of 342 suppliers in 2014, and nine of these 55 suppliers were local, representing more than 20% of these purchases.

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

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, such as engineering schools, 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.

The group also frequently works with regional employment organizations and has strengthened its collaboration with the government employment office and the chambers of commerce and industry.

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

Finally, Mecatherm maintains close relationships with other regional and local stakeholders, for example by taking local business owners

on factory tours and meeting with government agencies such as the local emergency services.

Subcontractors and suppliers

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

Total purchases (parts and subcontracting) for the Mecatherm group exceeded €78 million in 2014.

Mecatherm does not handle the shipping of equipment sold to customers, which is entrusted to an outside provider. Specific initiatives are planned in 2015 to analyze the risks that might be associated with this activity. However, the group does assemble and install production lines at its customers' sites.

Fair business practices**Ensuring consumer safety**

Mecatherm applies industry standards in manufacturing its equipment. After accepting the equipment, the customer is solely responsible for compliance with applicable food production standards. The Mecatherm group does, of course, help its customers, if requested, 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.

Preventing corruption

Mecatherm takes steps to prevent corruption. In 2014, employee representation bodies carried out an awareness campaign on this subject. These efforts will continue in 2015 and include the implementation of an anti-corruption charter among employees working in more sensitive areas, such as purchasing and sales.

Commitment to human rights

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

Every six months, it verifies that its subcontractors are in compliance with the labor code.

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 internal promotion.

Since 2013, this policy has translated into the opening of new-generation branches called "Parcours 3D," which gather all of the

company's activities – long-term leasing, auto repair, and pre-owned vehicle sales – in one location. These branches are a preview of the future landscape of the Parcours network in France and Europe.

In 2014, the company inaugurated its fourth new-generation, Parcours 3D location in Tours, France, creating eight new jobs and leading to a promotion for two employees.

Workforce and breakdown of staff

As of December 31, 2014, the company had 371 employees, up 13.1% from 2013.

The average age of employees was 31.86 years, and their average length of service was 3.31 years.

	2012	2013	2014	2014/2013 Change
Workforce	284	328	371	13.1%
Men	204	240	277	15.4%
Women	80	88	94	6.8%
Management level	83	82	86	4.8%
Non-management level	201	247	285	15.3%
% of permanent contracts	97.50%	97.60%	96.70%	-0.9%
% of fixed-term contracts (apprenticeship and insertion contracts)	2.50%	2.40%	3.23%	15.3%

New hires and dismissals

Parcours grew in 2014, creating **47 new positions** across all of its business lines (long-term leasing, pre-owned vehicle sales and auto repair) as well as in support functions. There were 129 departures, including 29 dismissals occurring at the end of the employee's trial period.

In 2014, the company hired 172 employees.

	2012	2013	2014	2014/2013 Change
Number of jobs created	33	34	47	38.2%
Number of employees hired	126	139	172	23.7%
Number of men hired	89	103	134	30.1%
Number of women hired	33	36	38	5.5%
Number of internal promotions	24	44	35	-20.4%
Number of departures	110	95	129	35.7%
Of which dismissals*			29	

* Dismissals occurring after the end of the trial period.

Under the company's human resources policy, preference is given to internal promotions when filling new job openings.

In 2014, **43 employees accepted an internal transfer or promotion.**

Compensation

	2012	2013	2014
Total payroll	10.40%	11.2%	9.3%
Average salary increase*	3.8%	5.3%	4.2%

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

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

In 2014, the average salary of an employee with more than one year of employment with Parcours increased by 4.2%.

3.2.5.2 Organization of work

Organization of working time

Parcours mainly offers employees permanent work contracts (96.7%).

To ensure that its business needs and the expectations of its customers 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 the company's 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 to the number of theoretical working days, was 1.84% in 2014 in France (permanent + fixed-term contracts)..

	2012	2013	2014
Absentee rate*	2.6%	2.2%	1.8%

* 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.

3.2.5.3 Labor relations

Labor-management dialogue

The company fulfills its regulatory obligations regarding the election of employee representatives (elections were held in 2014).

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

However, taking advantage of its flat, easily accessible hierarchy, the company 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 to inform them about the company's news;
- 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 company'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 company 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 the corporate culture, inside and outside the workplace. This charter has been adapted for all of the company's businesses.

Collective agreements

The company did not sign any new collective agreements in 2014.

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*, due to a lack of candidates at the last election, it 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.

Each new 3D Parcours location opening is audited by a certified organization. The audit results are systematically shared and used to make improvements.

The company is also conducting other initiatives to ensure optimal working conditions:

- collaboration with occupational physicians to ensure the accuracy of the risk assessment and management document;

- publication of a code of good conduct for all transporters;
- addition of a safety module to all business training plans.

Agreements signed with trade unions

Due to a lack of candidates during the last elections held in 2014, no trade union representatives were elected.

Work-related injuries and illnesses

The company recorded ten injuries in 2014 in its auto repair business. The higher number of injuries in 2014 is mainly due to the significant increase in repair shop staff (a 14% increase over the period, with 54 new repair shop employees hired in 2014).

Frequency rate *	2012	2013	2014	2014/2013 Change
Parcours group	25.07	9.8	20.97	113.9%
Severity rate *	2012	2013	2014	2014/2013 Change
Parcours group	0.31	0.07	0.31	342.8%

* Reported for France only. Frequency rate: (number of injuries with lost work time x 1,000,000)/number of hours worked; Severity rate: (number of lost days x 1,000)/number of hours worked.

3.2.5.5 Training

Policies

Internal training at Parcours mainly focuses on two areas:

- training new employees during the onboarding phase;
- maintaining and developing employee skills throughout their careers.

To facilitate their onboarding and accelerate their learning curve, training programs for new employees address practical aspects (customer account management, accounting basics, etc.) and the company's strategy (the business and positioning of Parcours, the Origin product, etc.).

In-house programs to maintain and develop employee skills are designed to help employees enhance their performance and keep up with changes affecting their business and working tools (taxation, insurance, pre-owned vehicle pre-sales, sales and aftersales).

In 2014, extensive work was carried out with business experts to formalize training modules and develop useful material on accounting, operations, marketing and sales in the pre-owned vehicle business.

This material is now used in training programs for both new and existing employees.

* Health, Safety and Working Conditions Committee (CHSCT).

Total hours of training

Training	2012	2013	2014*
Total hours of training delivered	1,228	915	1,665

* Period covered: May to December 2014.

In May 2014, the company created and filled a Training Manager position. This made it easier to identify individual needs and consequently build up the in-house business training program. From

May to December 2014, **138 employees received training** for an average of 12.07 hours per employee.

3.2.5.6 Equal treatment

Measures to promote gender equality

The proportion of women in management positions has increased. However, the proportion of women in the overall workforce has decreased, due to a sharp rise in the number of staff working in our auto repair and bodywork facilities.

	2012	2013	2014
% of women in the group's workforce	28.1%	26.8%	25.3%
% of women among management-level staff	18.0%	13.6%	19.8%
% of women among new hires	26.1%	25.8%	21.6%

Measures to promote the employment and inclusion of people with disabilities

Parcours is a regular customer of adapted work centers, but does not employ any disabled employees.

Accordingly, it paid €26,177.68 to Agefiph* in 2014 to support the employment of people with disabilities.

	2012	2013	2014	2014/2013 Change
Amount committed to adapted employment centers	2,294.60	4,090.96	5,367.54	31.2%

Measures to fight discrimination

Parcours 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 company.

3.2.5.7 Promoting and applying the International Labour Organization's fundamental conventions

Parcours 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 company has not taken any steps to obtain environmental certification. In all of its production and sales processes, however, it strives to implement initiatives to promote the sustainable development of its business. Its network growth strategy is one example. Each new branch 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 and limiting soil sealing;

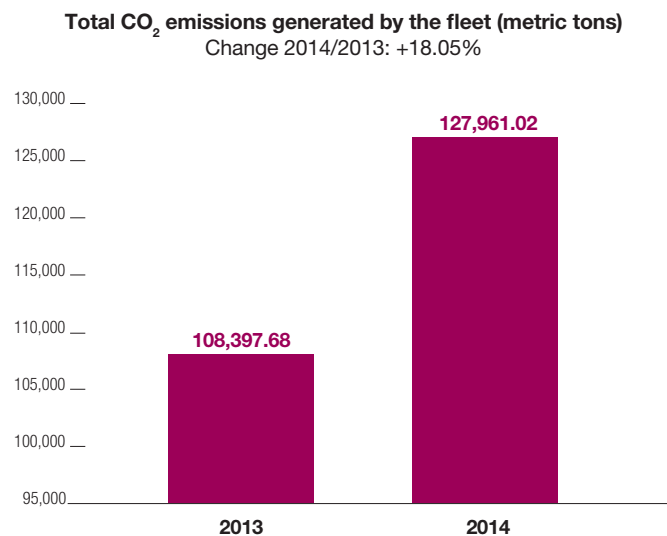
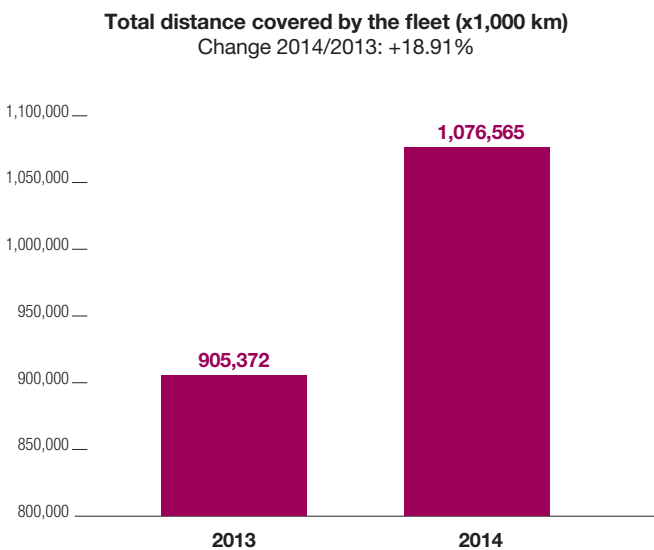
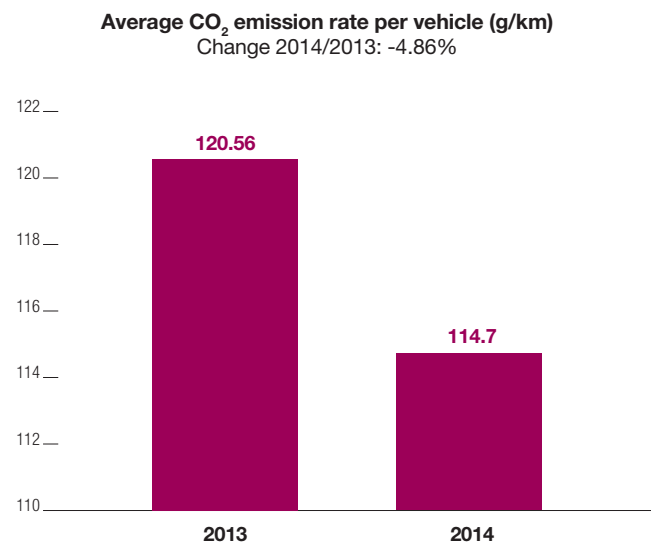
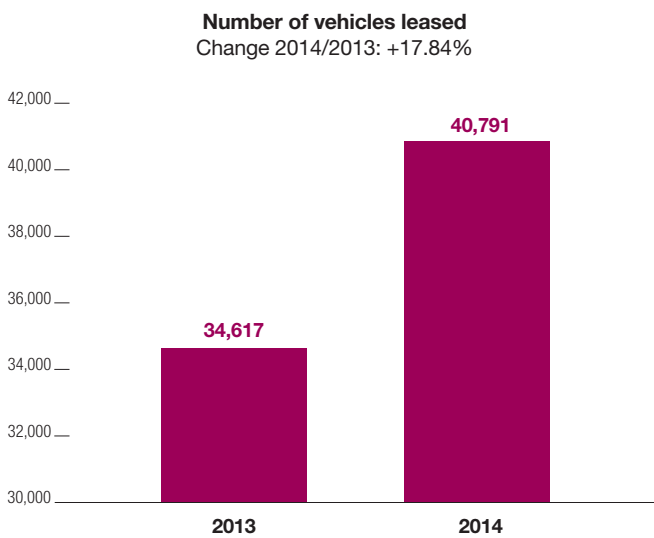
*Agefiph is the organization that manages funds devoted to integrating people with disabilities.

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

In 2014, Parcours continued to apply the policy it initiated in 2013 at its new branch in Tours and in the construction permits it applied for during the year, for its future sites in Strasbourg, Lille and Nantes.

Initiatives to train and inform employees about environmental protection

Changes in indicators for the passenger vehicle fleet (excluding commercial vehicles) from 2013 to 2014



Resources devoted to preventing environmental risks and pollution

In 2014, total CO₂ emissions from vehicles on long-term leases were 214,038.05 metric tons, i.e. an average of 2,236 km/month with an average of 120.1 g of CO₂/km per vehicle.

By reducing average CO₂ emissions per rented passenger vehicle by 4.9%, the company was able to limit the increase in its carbon footprint between 2013 and 2014 to 0.86 percentage points.

Carbon emissions for the fleet (passenger and commercial vehicles) by country in 2014:

2014 fleet

Type of veh./Country	Number of vehicles in the leased fleet during the period	Average CO ₂ emissions per vehicle during the period (g/km)	Average fuel consumption per vehicle during the period (L/100 km)	Total distance covered over the period (x1,000 km)	Total CO ₂ emissions for the period (metric tons)
Passenger cars	40,791	114.70	4.43	1,076,565.62	127,961.02
Commercial vehicles	25,620	128.83	4.96	664,041.00	86,077.42
TOTAL	66,411	120.15	4.63	1,782,386.05	214,038.44

As a service provider in the automotive sector, Parcours strives to meet its customers' needs and assists them with their internal sustainable development programs. The company includes a sustainability strategy in its long-term leasing services and provides support to its customers in implementing it.

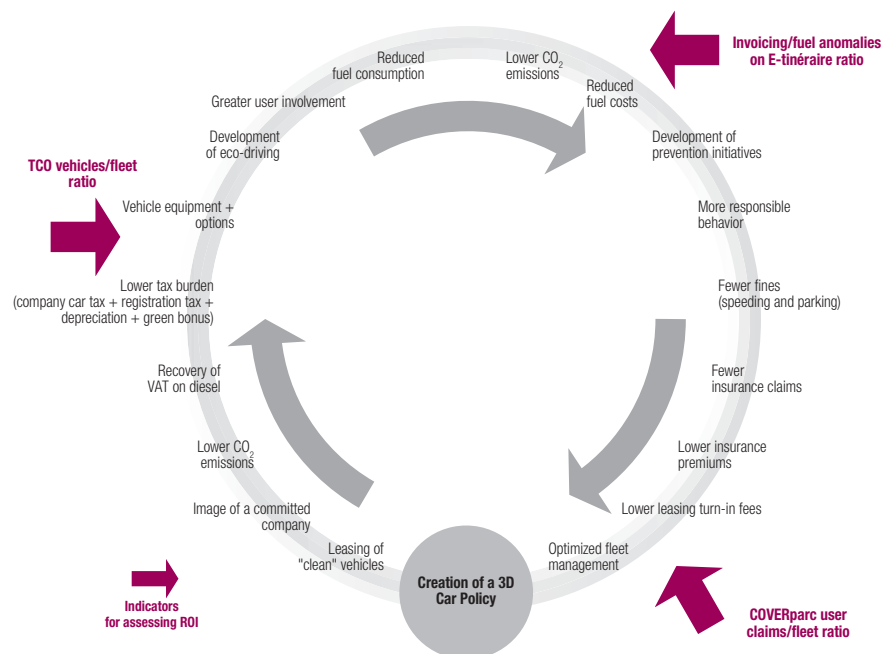
There are three parts, or dimensions, to the strategy:

1 environmental, focusing on 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, focusing on the driver: raise awareness among employees about security and eco-driving techniques (theoretical and practical training on a circuit or simulator);

3 economic, focusing on 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.).

The Parcours sustainable development support cycle



Provisions and guarantees for environmental risks

Parcours 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 2014, the Parcours auto repair business identified 15 types of managed waste, classified as hazardous or non-hazardous:

Non-hazardous waste	Hazardous waste	
Ordinary industrial waste	Aerosol cans	Tires
Paper	Solvents	Exterior plastics
Cardboard	Oil filters	Windshields
Pallet wood	Oil	Batteries
Scrap metal	Paints	Soiled packaging

In 2014, the seven Parcours repair shops recycled 9,806 tires.

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

Noise and all forms of pollution specific to the business activity

Parcours 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

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.

Greenhouse gas emissions

Measures taken to adapt to the effects of climate change

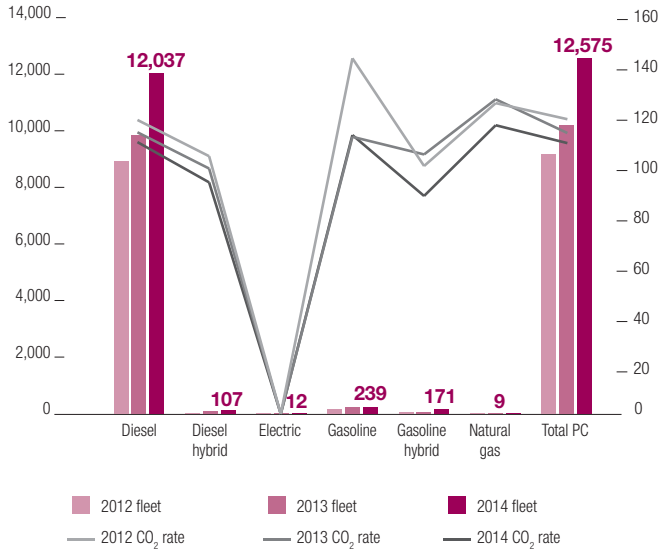
Parcours helps to reduce greenhouse gas emissions by promoting the use of vehicles that emit less CO₂ and consume less fuel.

Out of the 19,607 vehicles delivered in 2014, Parcours leased 12,575 passenger cars (PC) in 2014 (up 23% from 2013).

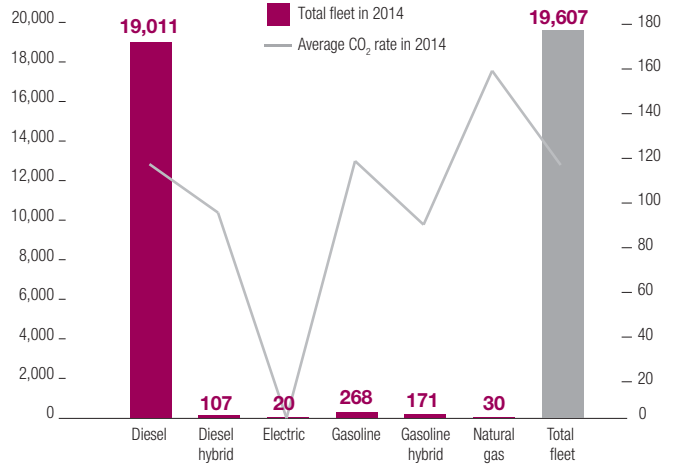
For this leased PC segment, the company lowered the average CO₂ emission rate to 107.2 g/km per vehicle. This decline was accompanied by a 4% decrease in combined fuel consumption.

Since 2010, Parcours has also supported the sustainable development policies of its customers by participating in awareness campaigns on electric vehicles, green driving practices and road safety.

Vehicles purchased and leased in 2014

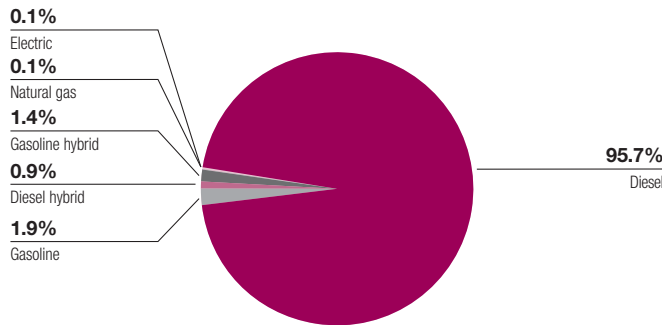


Vehicles leased in 2014 (PC+CV) by engine type, including average CO₂ per segment

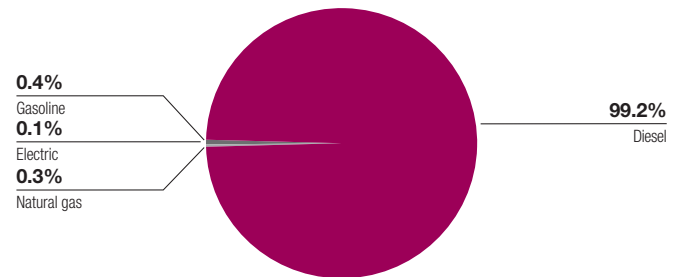


Scope: deliveries of new passenger and commercial vehicles of under 3.5 metric tons.

Passenger cars (PC) leased in 2014 by engine type



Commercial vehicles (CV) leased in 2014 by engine type



Initiatives taken in 2014:

- organization of three "Electric Conference" days in partnership with Renault and SPIE;
- implementation of an awareness program for customers (fleet managers and users) including the following elements:
 - every month, a 90-second video on best practices for green driving and accident prevention,

- every quarter, a newsletter on corporate automotive risks;

- launch of a post-accident Web survey for all customers insured through Parcour.

Measures to enhance biodiversity

The company's activities have no major impact on 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

Parcours implements a strategy based on two fundamental principles: maintaining a decentralized network of branches and ensuring that each branch has all of the necessary skills to deliver end-to-end service.

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

Each subsidiary or branch is organized like a small independent company and manages all of its business locally as well as the commercial relationships it needs to grow. This includes the following initiatives:

- recruiting employees from the local area;
- encouraging managers to join nonprofits, professional associations and clubs;
- developing partnerships with local suppliers in related business areas (dealerships, short-term car rental firms, etc.). Parcours strives to systematically promote local suppliers to ensure optimal responsiveness and an excellent mutual understanding of business issues (in 2014, 80% of the purchases made by its branches were local).

Partnership or sponsorship initiatives

In 2014, Parcours sponsored three athletes competing in golf and motor racing. The company also donated €32,400 to *Respectons la Terre*, an environmental association. The goals of this nonprofit are to use the attention generated by nature expeditions and adventure sports to support public benefit causes such as using natural and renewable energies, protecting animal and plant biodiversity and building 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

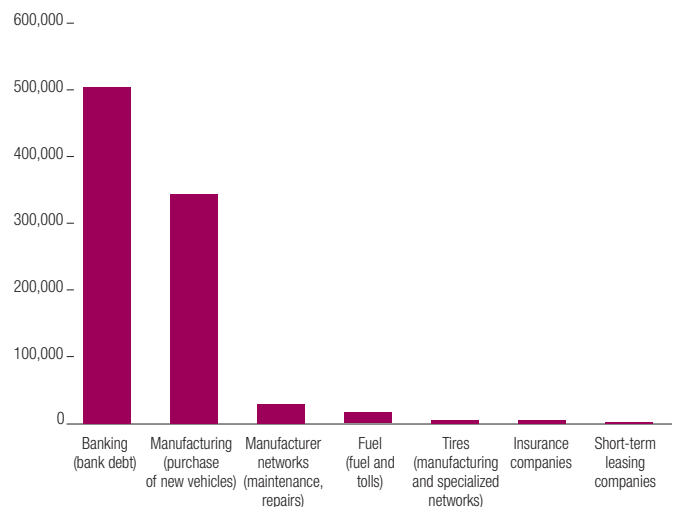
Integration of social and environmental issues in the company's purchasing policies (see 3.2.5.10 "Vehicles purchased and leased in 2014")

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, Parcours is inherently associated with the banking industry on the one hand for the financing of the vehicles and with the automobile industry on the other to ensure a supply of vehicles and the mobility of 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.

Main categories of purchases made by Parcours in 2014 (in thousands of euros):



As part of its purchasing policy and to fulfill its corporate responsibility commitments, Parcours developed a charter of standards for its suppliers. Initially designed with new vehicle purchases in mind and targeting auto manufacturers and dealers, the charter was gradually expanded in 2014 to include other categories of purchases. This project will continue in 2015 to cover the entire purchasing scope.

3.2.5.13 Fair business practices

Preventing corruption

The internal rules of conduct communicated to every employee reiterate the company's stance on corruption. 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).

Measures taken to promote the health and safety of consumers

Parcours offers training in road safety and green driving practices through its monthly Flash video and awareness-raising days.

The company also partners with auto manufacturers (Renault, Tesla, Opel, etc.) to organize events presenting technological advances (in engines and/or equipment) and helping users to see the benefits for them and the environment.

Lastly, in 2014 Parcours introduced a post-accident questionnaire for all of its policyholders, to incorporate the idea of "avoidability" in claims handling and help users realize that accidents are not inevitable: 80% can be prevented.

3.2.5.14 Reporting methodology

Reporting scope

(Unless otherwise indicated):

- social data are reported for all of the company's entities in Europe (France, Spain, Belgium and Portugal);
- health and safety (work injury) data in 2014 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 and uncertainties

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

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

Safety indicators

Lost-time injury frequency rate

The lost-time injury frequency rate 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 traveling are not included in this indicator.

Lost-time injury severity rate

The lost-time injury severity rate is the number of days of working time lost over a 12-month period following a work-related accident, per 1,000 hours worked. Lost work time is measured in terms of working days.

Environmental indicators

Fuel consumption

Fuel consumption is reported for leased passenger cars and commercial vehicles of under 3.5 metric tons (Light Commercial Vehicles, or LCV) on the road and for vehicles added to the fleet).

CO₂ emissions

CO₂ emissions are reported for leased passenger cars and commercial vehicles of under 3.5 metric tons (Light Commercial Vehicles, or LCV) on the road and for vehicles added to the fleet).

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 Parcours 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. Absences include absences due to sickness, unauthorized unpaid leave, and lost time due to work-related accidents and commuting accidents. Other types of absences are not included in calculating the absentee rate.

Hours of training and number of employees trained

Training data are reported for France only. For 2014, the reported data are for the period from May to December 2014.

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

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

Wendel : Year ended the 31st December 2014

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC⁽¹⁾ under the number n° 3-1050 and as a member of the network of one of the statutory auditors of the company Wendel, we present our report on the social, environmental and societal information established for the year ended on the 31st December 2014, presented in the third chapter 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"), a summary of which 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 according with the Criteria (Limited assurance on CSR Information).

Our verification work was undertaken by a team of six between September 2014 and March 2015 for an estimated duration of ten 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 corresponding explanations were provided in accordance with the provisions in Article R. 225-105, 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⁽²⁾", with the limitations specified in the methodological notes of the company and the portfolio companies in the third chapter 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*);

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

(1) Accreditation scope available on the website www.cofrac.fr.

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

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, 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 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 31 % of the quantitative environmental information tested;
- For the Stahl group, 16 % of the total number of employees;
- For the Parcour group, 92 % of the total number of employees and on average 91 % of the quantitative environmental information tested;
- For the Mecatherm group, 65 % of the total number of employees and on average 75 % of the quantitative environmental information tested;
- For the Bureau Veritas group, we verified that the Information published in Wendel management report corresponds to the information that was subject to verification by the 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 Les Franqueses (Spain) and Resana (Italy). For the Stahl group, we selected the industrial site of Waalwijk (Netherlands). For the Mecatherm group, we selected the site of Barembach (France). For Parcour 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 by Bureau Veritas was subject to the following comment: the management report specifies that for the absenteeism rate and the number of days of training, the scope of reporting only covers France pending an homogeneous calculation throughout the Group ;
- The Information published by Stahl companies call for the following comments:
 - The required information on the absenteeism rate and the number of training hours are followed locally and thus are not subject to consolidation by the Group;
 - Quantitative information on the environment is not published, considering that consolidated reporting is being structured within the Group.

Paris-La Défense, 25th March 2015

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Éric Duvaud

Partner, Sustainable Development

Bruno Perrin

Partner

Appendix – List of CSR information covered by limited assurance verification work

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
Air emissions (VOC, SOx and NOx)	Materis
CO ₂ emissions	Materis and Parcours
Total amount of hazardous and non-hazardous waste	Materis, Parcours and Mecatherm
Total water consumption	Materis, Parcours and Mecatherm
Total energy consumption	Materis, Parcours and Mecatherm

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

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