

REGISTRATION
DOCUMENT **2015**

including the annual financial report



W E N D E L



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

WENDEL'S CORPORATE SOCIAL RESPONSIBILITY

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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.

The Sustainable Development department established by Wendel in 2011 coordinates initiatives in this area. It relies on a steering committee established in 2012 by Wendel's Board. Its members represent the Company's different business and support divisions: The Investment Committee, the Finance department and in particular the director of Internal Audit as of 2016, the General Secretariat, the Communications and Sustainable Development department, and the Operational Resources (human resources, IT, and facilities management) department.

In 2015, Wendel adopted a Code of Ethics, approved by its Executive Board.

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

- At the time of acquisition:

When Wendel is considering an investment, it conducts due diligence on environmental and social issues as part of the overall

risk analysis of the target company's business. 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. For the AlliedBarton acquisition, given the nature of the company's business, particular attention was given to working conditions, compensation, and human resources in general.

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

The management team in each Wendel Group company has direct responsibility for managing CSR issues. Nevertheless, as a professional shareholder, Wendel monitors and encourages the CSR efforts of its subsidiaries and associated companies, especially in two areas: employee safety and the environmental performance of the products and services that are designed or distributed.

- Wendel's management is particularly attentive to employee safety and health issues, which it considers priorities. Moreover, workplace safety indicators are often a proxy for how well the management team runs the Company. For example, at Cromology, the accident rate is a factor in determining its management's variable compensation. 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⁽¹⁾ encourages its customers to go green by including special features in its long-term leasing services, such as eco-driving training for its customers. More than 80% of Stahl's products are now solvent-free. Cromology develops innovative products with new functions that are more resistant, and therefore better for the environment from a life-cycle perspective, and meet French "HQE" (High Environmental Quality) standards. Saint-Gobain's corporate social responsibility (CSR) policy centers on four commitments: inventing sustainable buildings, limiting environmental impact, encouraging the professional growth of employees, and taking action for local development. Saint-Gobain participates actively in discussions on the energy efficiency of buildings and develops eco-innovative solutions to reduce the environmental impact of products used in construction, by considering their whole life cycle, in new buildings as well as renovations. Saint-Gobain was also an official partner for the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 21), which resulted in a new international climate agreement applicable to all countries, with the goal of keeping global warming well below 1.5°C. Through this partnership, Saint-Gobain reiterated its commitment to environmental protection and affirmed its intention to become the leader in sustainable building. Moreover, Saint-Gobain is among the 100 Carbon Pricing Champions of Caring for Climate, the Global Pact initiative that brings together companies ready to commit to internal carbon pricing verification.
- Every Group subsidiary and associated company is expected to develop a CSR policy addressing its specific issues. Group companies operate in very different fields (see section 1.7 "Subsidiaries and associated companies") and are at different stages of maturity in implementing dedicated CSR policies

and indicators. Wendel therefore considers that it would not be useful to produce consolidated CSR indicators to the extent that these figures would have no operational meaning.

The results of the checks and controls performed by the independent third-party verifier are communicated to the investment team.

Significant aspects of the sustainable development policies of Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Mecatherm, and 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).

(1) Wendel has signed an agreement with ALD Automotive, with a view to selling all of the share capital of Parcours. The transaction is expected to close in the first half of 2016, provided the necessary regulatory approvals are received.

Wendel's Code of Ethics

Wendel's Executive Board adopted a Code of Ethics in 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. In January 2016, the majority of employees at Wendel's various locations participated in a special compliance training session. This training session was organized by the General Secretariat at the request of the Executive Board.

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.

Finally, Wendel demonstrates its corporate citizenship through its respect for the environment and its commitments to the community (see sections 3.1.3 and 3.1.4).

Wendel's Code of Ethics can be viewed under the heading "Commitments" on its website: www.wendelgroup.com.

Wendel employees must sign all documents related to compliance within the company.

In February 2016, Wendel prepared its anti-corruption policy, which is one of the elements of its compliance program.

Wendel's anti-corruption policy applies to everyone who works for or represents Wendel, in France or abroad: members of the Executive Board, employees, temporary workers, consultants, bankers, and any service provider working for Wendel around the world.

The purpose of the anti-corruption policy is to help Wendel's employees identify corruption risks, ensure the exemplary behavior of employees and third parties, and reduce legal, financial, and reputation risks. In addition, Wendel strives to ensure that managers and employees who are members of the Board of portfolio companies implement anti-corruption policies that are appropriate for their business and risks. In the companies where Wendel is a minority investor, its representatives make their best efforts to implement an anti-corruption policy.

This policy has been distributed to all employees of Wendel S.E., its holding companies, and its international offices.

3.1.2 Implementing a CSR strategy adapted to a small investment team

Wendel's human resources policy

Small, experienced and diversified workforce

Wendel is committed to hiring excellent talent, creating the best possible working environment for its employees and developing their skills.

As of December 31, 2015, Wendel and its holding companies employed a total of 90 people.

Wendel has foreign offices that support the Group's companies in their international expansion. The companies in the Netherlands (since 1908) and Luxembourg (since 1931) also act as holding companies.

Other offices established more recently are in Japan (2007), Morocco, Singapore and the United States (2013) and the United Kingdom (fall 2015).

The number of employees outside France nearly tripled (from 10 to 29 persons) between December 31, 2012 and December 31, 2015, through local recruitment and the transfer of six employees from France.

Wendel's teams in France

Half of Wendel's 61 employees in France are directly involved in investing activities. In addition to an investment team of 16 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, General Secretariat, Tax, Communication and Sustainable Development, and Operational Resources departments.

Employees* in France: staff numbers and changes	12/31/2015			12/31/2014			12/31/2013		
	Non- management	Management	Total	Non- management	Management	Total	Non- management	Management	Total
Total workforce	9**	55**	64	13	52	65	13	49	62
of whom Women	5	27	32	8	24	32	8	20	28
Men	4	28	32	5	28	33	5	29	34
New hires	-	2	2	-	4	4	-	3	3
of whom Women	-	1	1	-	4	4	-	1	1
Men	-	1	1	-	-	-	-	2	2
Departures	-	3	3	-	1	1	2	5	7
of whom Women	-	1	1	-	-	-	1	4	5
Men	-	2	2	-	1	1	1	1	2

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

** Including four promotions to management level.

In 2015, Wendel employed one person on a fixed-term contract for two months, and two temporary employees to replace a staff member on maternity leave and to manage a temporary increase in business.

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 €11 thousand in 2015.

Organization of working time

Because of its history, Wendel organizes working time in compliance with collective agreements applying to the metalworking industry.

No employee has requested to work part-time. However, one employee has taken part-time childcare leave.

Absences, excluding leave for family events, remained stable at around 1.5%. In 2015, there was one work-related accident without lost time.

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, 24 employees completed at least one training course in 2015, for a total of 439 hours of training. The courses mainly addressed foreign languages, specific business functions or, to a lesser extent, office software.

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.

For example, 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 2015, Wendel financed daycare for 9 children, for the benefit of eight 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 based on their performance during their presence at the Company.

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

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

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 (in France) or employee share ownership.

Each year, Wendel carefully reviews the compensation paid to its employees, taking into account their responsibilities, skills, experience and market pay levels. Variable pay is awarded based on individual and collective performance.

For France, total compensation (base salary, variable pay and individual, job-related bonuses) paid in respect of 2015 was approximately €12.04 million, up 0.58% vs. 2014.

Wendel has also had a collective performance bonus in place since 2006. The performance criteria established in 2015 were met in 2015. A performance bonus was therefore paid in 2015. 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, 77 employees in France and abroad received stock options and performance shares by virtue of the authorization granted at the Shareholders' Meeting of June 5, 2015 and the Executive Board's decision on July 15, 2015.

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

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

The following table indicates, for the period from January 1 to December 31, 2015:

- the total number of options granted to the ten employees, excluding corporate officers, who individually were granted the largest numbers of options;
- the total number of options exercised by the ten employees, excluding corporate officers, who individually exercised the largest numbers of options.

	Number of options	Weighted average exercise price
Options granted during the year to the ten Group employees who were granted the largest number of options	94,950	€112.30
Options exercised during the year by the ten employees who exercised the most options	225,671	€49.75*

* In 2015, these options were exercised at €65.28 (W1 3-2 plan), €90.14 (W1 3-3 plan), €67.50 (W1-2 plan), €18.96 (W1-3 plan), €22.58 (W2-1 plan), €44.32 (W3 plan), €80.91 (W4 plan) and €82.90 (W6 plan).

The total number of performance shares awarded during the year to the ten employees in the Group, excluding corporate officers, who received the largest number of such shares was 22,950.

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, 2015, excluding corporate officers, employees held 0.47% of the capital of Wendel via the Group savings plan.

In July 2015, the Executive Board decided to carry out a capital increase. 92% of eligible employees subscribed and were allocated a total of 13,250 shares.

Offering additional pension benefits

"Perco" pension plan

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

As of December 31, 2015, more than 44% of employees had invested in the pension plan.

Supplementary pension plan

In 1947, the company "Les Petits-Fils de François de Wendel" (now Wendel SE) set up a supplementary pension plan for all employees, regardless of their category, provided they retire while employed by the Company. This plan was closed on December 31, 1998. The supplementary pension plan guarantees each employee beneficiary an overall level of retirement income. This income is expressed as a percentage of end-of-career compensation (fixed + variable excl. extraordinary amounts). It increases in relation to the employee's age and seniority up to a maximum of 65% of the salary. The pension plan provides for a payout of 60% to a surviving spouse as of the date of the employee's retirement, and includes supplements for dependent children.

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

As of December 31, 2015, there were 46 retirees and nine employees of the Company who benefited 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 four years, Wendel has made several investments to reduce its energy consumption:

- replacing all of its IT servers with more energy-efficient models;
- renovating its district heating system (distributing high-pressure steam), making the Company more environment-friendly;
- creating two video conference rooms and providing mobile work tools to reduce travel;
- gradually replacing traditional light bulbs with energy-saving bulbs to increase the energy efficiency of its head office.

Wendel also promotes the electronic distribution of its publications.

Waste sorting

Wendel has had a waste sorting policy since July 2011. A special training course has raised awareness among all head office employees. All paper consumed by Wendel employees is now collected for recycling. Plastics, ink cartridges, cartons and metal packaging are also included in the recycling program. In 2015, this ongoing waste sorting policy was expanded to include the company restaurant located on Wendel's premises and operated by an external service provider.

3.1.4 Commitment to the wider community

Wendel's commitment to the community is reflected in its support of projects in the higher education and cultural spheres.

- Wendel has supported INSEAD since 1996. In 1996, the prestigious business school created a center for family-owned businesses, and Wendel has been a partner in this initiative from the start. In early 2016, Insead's Global MBA program was ranked number one by the Financial Times, making it the first international management school with three MBA programs in the top spot of the Financial Times' ranking.
- Wendel's management visits France's elite graduate schools on a regular basis to explain the Company's businesses. Its presentations, designed to educate students about Wendel's long-term investing model, help to recruit top talents as well. Wendel also contributes to the publications of these *grandes écoles*: ENA, HEC, Sciences Po, and Polytechnique.
- Wendel has also been committed to the Centre Pompidou-Metz, and since 2010 has supported this emblematic institution which makes art available to the general public. A highlight of 2015 was the Warhol Underground exhibition, which attracted 160,000 visitors. In 2015, Wendel renewed its support of Centre Pompidou-Metz for one year, while future funding is redefined.

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.

- During the commemoration of the 70th anniversary of France's liberation, Wendel sponsored a production written and performed by three young people to honor the memory of the French Resistance. This production, recounting the commitment of 16 young, unknown resistors, was performed and staged on French radio in London. The celebration took place on May 8 and 9, 2015 in the Cour d'honneur des Invalides under the patronage of the President of the French Republic. Together with the Centre Pompidou-Metz, Wendel invited 22 high school students from the Lycée de la Communication in Metz to attend this extraordinary event.

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 2015, a team of 13 female Wendel employees took part in the "La Parisienne" race, with the profits donated to the fight against breast cancer. Similar initiatives took place at the New York office, where one member of Wendel North America participated in the New York City Marathon.

In the course of its business, Wendel also interacts regularly with its principal stakeholders.

- Wendel regularly communicates with its principal shareholder, Wendel-Participations, and makes presentations to its governing bodies.
- Wendel maintains an ongoing dialogue with its individual shareholders.

Wendel's Shareholders Advisory Committee was created in 2009. Its nine members met three times in 2015. The committee's role is to obtain feedback from individual shareholders on the media used specifically to communicate with them: letters to shareholders, the website and the management report. In 2015, five members joined the committee.

Wendel participated in the Actionaria trade show in 2015.

- Wendel keeps the financial community (analysts, institutional investors and individual shareholders) regularly informed of its earnings, business activities and strategy. In 2015, Wendel met with more than 250 stock and bond investors during its road shows (in France, United Kingdom, Germany, Switzerland, Italy, United States, Canada, Japan and Singapore) and meetings at its head office.
- As a listed company, Wendel contributes to marketplace discussion by participating in the work of all the major professional and financial market organizations, of which it is a member: Afep, Medef, AFIC, Paris Europlace, ANSA (*Association Nationale des Sociétés par Actions*), etc.

In 2015, Wendel redesigned its website and its letter to shareholders so as to enhance communication with its various audiences. It also stepped up use of social media (Twitter and YouTube) for sharing information.

3.2 Wendel's subsidiaries reviewed by an independent verifier

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

A detailed presentation of the Group's subsidiaries can be found in section 1.7 "Group companies". Wendel Group companies translate their sustainable development policies into action plans that take into account the Company's specific characteristics and maturity in the field.

Bureau Veritas

For Bureau Veritas, Wendel's largest investment, listed on Euronext Paris and included in the Next 20 index (Compartment A, code ISIN FR FR0006174348, stock symbol: BVI), Wendel publishes a summary of information on its social and environmental responsibility. Since Bureau Veritas is also obligated to verify and publish these data, all of the required information is available in its own registration document for 2015.

Bureau Veritas is a world leader in inspection, certification and laboratory testing, and is supported by more than 66,000 employees around the world. Bureau Veritas helps its clients improve their performance by offering innovative services and solutions to ensure that their assets, products, infrastructure and processes meet the standards and regulations related to quality, health, safety, environmental protection and social responsibility.

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

- through the very nature of its work, Bureau Veritas helps its clients to implement their CSR processes. By providing its services to a large number of businesses, organizations, and public authorities on a daily basis, Bureau Veritas 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 principal aspects of Bureau Veritas' CSR policy as reflected in the materiality table are governance and operational excellence—human resources and HSE (health, safety and environment) – and social responsibility through services used around the world and dialogue with stakeholders.

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

Constantia Flexibles

Founded by Herbert Turnauer in the 1960s, the Vienna-based Constantia Flexibles Group produces flexible packaging solutions and labels, primarily for the agri-food and pharmaceutical industries. With nearly 10,000 employees, Constantia Flexibles has successfully developed its activity outside Europe and, over the last five years, has become a global leader in flexible packaging.

Due to the nature of its business, one of Constantia Flexibles' principal CSR commitments is respect for the environment, which is integrated into its business activities.

Constantia Flexibles pays particular attention to its raw materials consumption—essentially aluminum, polymers, paper, varnish and ink—and it is a major concern for the group.

Accordingly, Constantia Flexibles uses appropriate procedures to monitor the possible impact of its products on the environment, as well as their durability (in particular by performing life cycle analyses). In addition, most waste at Constantia Flexibles is recycled or sent to thermal recovery facilities.

Aside from the environmental element, Constantia Flexibles' CSR policy also focuses on social and societal issues through sponsorship activities and social initiatives.

Cromology

Cromology is a world player in the decorative paint sector and ranks fourth in the European market. It designs, produces, distributes and sells innovative and high-quality paints in more than 50 countries around the world, with a direct presence in nine of them. With 3,900 employees, 10 research laboratories, 13 production facilities, eight logistics platforms, nearly 400 integrated stores and more than 8,500 partner points of sale (independent distributors and big-box DIY stores), Cromology generates more than €750 million in annual revenues.

Cromology's mission is to protect and embellish living environments with products that highlight the know-how of our professional and private clients, thereby contributing in a sustainable manner to the well-being of all.

Cromology aims to combine, over the long run, economic performance with excellence through its "CORE, Commitment to a Responsible Enterprise" plan which, since 2010, has focused on four themes:

- innovation;
- optimizing the use of resources in products and processes;
- safety;
- maintaining a dialogue with the community.

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 (more than 80%).

Stahl is a model for workplace safety, with an especially low work-related accident frequency rate of less than 0.15 for the third consecutive year.

CSP Technologies

CSP Technologies ("CSP") designs and manufactures custom, patented packaging solutions for moisture- and/or oxygen-sensitive products in the pharmaceutical industry and has a growing presence providing packaging solutions for the food and

consumer end-markets. Since the acquisition of CSP Technologies was finalized during 2015, the company does not include CSR information in this report.

For this first year, the objective was to identify viable indicators and implement the reporting procedures necessary to meet the requirements of the Grenelle II law. This data will therefore be reported in 2016.

Mecatherm

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

Mecatherm strives, in collaboration with its customers, to make its automatic lines run as smoothly as possible. It aims to make them easier for its operators to use and safer for the maintenance and cleaning crews. Industrial processes have been implemented that continuously improve the energy efficiency of the lines and reduce raw material losses. Particular attention is paid to food safety and product traceability.

The company also undertook a major restructuring in 2015, so as to adapt it to the new operational processes. Management was substantially strengthened so as to provide employees with a clearer view of their role in the company, and to make more resources available for them to perform their duties.

With the strong commitment of personnel at all organizational levels, the company implemented lean management measures aimed at involving all employees in the plans for the company's advancement.

The company also worked with suppliers to improve relationships, with better medium-term planning, and to strengthen ties with preferred suppliers. The majority of these suppliers are in the local labor markets of Mecatherm's companies.

A change management plan was initiated to ensure that all employees are well integrated into the new organization. It will continue in 2016 under the banner "well-being and performance".

Finally, the company participated in several events to promote French industrial equipment and technology manufacturers, and especially to promote business focused on exporting food-related capital goods to emerging countries.

Parcours⁽¹⁾

Parcours is an independent vehicle leasing specialist in France with more than 450 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 Constantia Flexibles

Introduction

Constantia Flexibles is one of the world's leading manufacturers of flexible packaging and labels. The group supplies its products to numerous multinational corporations and local market leaders in the food, pet food, pharmaceuticals and beverage industries. In the future, Constantia Flexibles intends to support its customers even more, in terms of their growth on the international markets, thereby developing from one of the leading European suppliers to a powerful global company in the area of flexible packaging. One of Constantia Flexibles' special strengths lies in the area of aluminum packaging with greater in-house value creation.

Due to consistent integration of its acquisitions in recent years, Constantia Flexibles has also been able to establish itself as the leading producer of plastic packaging worldwide. Constantia Flexibles' large global customers confirm that, in the next few years, the trend will move towards plastic packaging especially in the emerging markets. Constantia Flexibles is therefore able to cover all the bases in terms of packaging solutions.

Constantia Flexibles' business model combines stability and growth. With flexible packaging for the food, pharmaceutical and beverage industries, the company is positioned close to the daily needs of the consumer, which in turn means that Constantia Flexibles is largely unaffected by economic developments. Constantia Flexibles offers its customers a comprehensive portfolio of high quality, innovative and flexible packaging solutions of aluminum, paper and plastic in the Food, Pharma and Labels divisions.

With a range of product lines such as candy wrappers, embossed lids and aluminum container systems, the Food division is in a leading position on the global market. The Pharma division is the

global number two for both blister packaging and cold formable foils. The Labels division is the global market leader for beer labels and in-mould labels.

The core values of Constantia Flexibles are:

- **customers** - we focus on innovation and quality to make our customers more successful;
- **society and Environment** - we balance economic success with environmental and social responsibility;
- **growth** - we expand in new markets and applications with our customers and create value for all stakeholders;
- **employees** - we have an international team based on a corporate culture of trust, excellence and performance.

Social

With their abilities and performance, the employees are at the core of Constantia Flexibles' success. Alongside actively supporting organizational and change processes, the main tasks of Constantia Flexibles' Human Resources department are focused on staff recruitment and the encouragement and development of the staff. Choosing the right employees and supporting individual development are, in Constantia Flexibles' view, the most important elements for the long-term success of a company.

The Constantia Flexibles Group is one of the world's leading flexible packaging companies and has, this year, once again succeeded in boosting its attractiveness as an employer. Distinguishing features of the company are an organizational culture that is focused on employee development, a results-driven rewards system and attractive benefits.

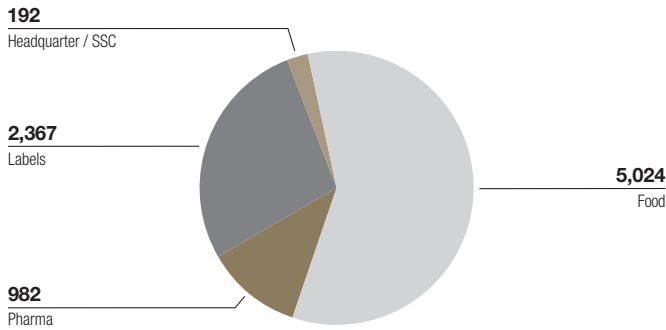
(1) Wendel has signed an agreement with ALD Automotive, with a view to selling all of the share capital of Parcours. The transaction is expected to close in the first half of 2016, provided the necessary regulatory approvals are received.

Employment

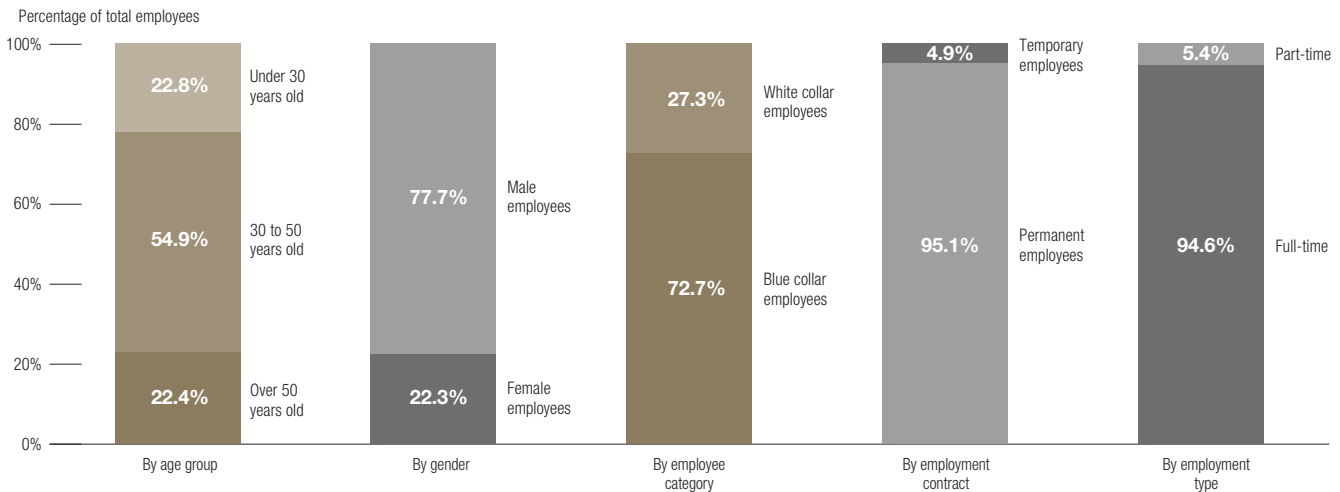
Employees and employee structure

The number of employees (FTE) at the end of the fiscal year 2015 was 8,543, with the majority (60%) of employees working in Constantia Flexibles Food division. This equates to an increase of 6% of the total number of employees (FTE) compared to the previous year.

55% of Constantia Flexibles' employees are 30-50 years old. Its workforce is 22% female and 78% male. Almost three quarters of Constantia Flexibles' employees are blue collar employees. 95% of the employees of Constantia Flexibles are full-time employees and have permanent employment contracts.



Breakdown of full-time equivalent employees as of December 2015 by division (not including new acquisitions of 2015); Shared Service Center (SSC): Department of Constantia Flexibles, responsible for administrative group functions.



Breakdown of employees by age group, gender, employee category, employment contract and employment type (not including new acquisitions in 2015).

Organization of working time

The production plants vary in their individual number of work shifts (up to three per day). Flexible work time arrangements are common in different seasons to meet customer needs. Shift patterns are coordinated with workers' representatives and adhere to local legal frameworks. The share of part-time and full-time employees in the workforce is represented in the figure above.

Equality

Alongside the development of staff, equal opportunities form an important component of the HR strategy. The Constantia Flexibles Group is made up of people of various origins, cultures, religious affiliations, genders and ages. This results in a range of different ways of thinking and viewing the world, of competencies and experiences, all of which contribute to the lasting competitiveness of the company. Constantia Flexibles is an equal opportunity employer with all employment decisions made without regard to race, color, religion, sex, sexual orientation, gender identity, age, disability, national origin, and citizenship/immigration status. 2.7% of Constantia Flexibles' workforce at plants are employees with disabilities.

Human Rights

Constantia Flexibles respects and promotes compliance with internationally recognized human rights. Constantia Flexibles complies with the rules established by the United Nations on human and children's rights. In particular, Constantia Flexibles undertakes to honor the Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor (ILO Convention 182) and the Convention Concerning Minimum Age for Admission to Employment (ILO Convention 138).

Constantia Flexibles recognizes and respects its employees' right to freedom of assembly, as well as their right to elect their representatives freely and independently within the scope of the applicable statutes and laws and guarantees that these representatives will not be subjected to discrimination of any kind. The Constantia Flexibles also respects the employees' right to collective bargaining.

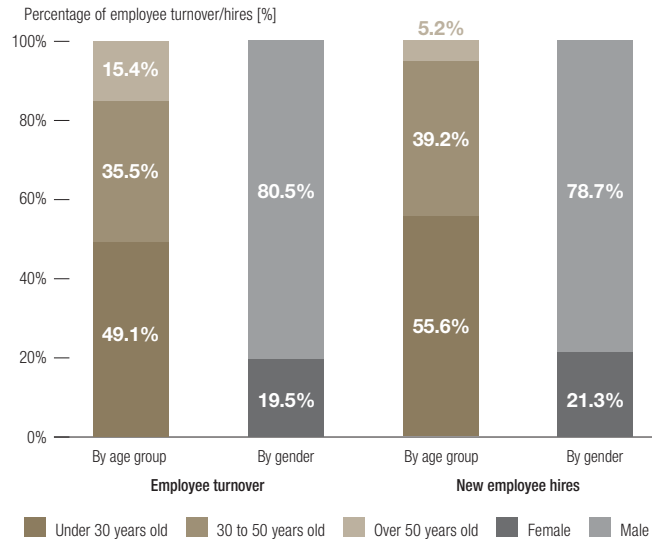
Constantia Flexibles also commits to offering employment that is free of any form of violence, harassment and bullying. Constantia Flexibles aims to create, together with its employees, a climate of open communication in which employees can work productively in an atmosphere that is marked by mutual respect. Such open communication within the Constantia Flexibles is expected to strengthen the acceptance of different cultures and mentalities. The Constantia Flexibles undertakes to promote such a fair and partnership-oriented atmosphere in the workplace.

To ensure compliance Constantia Flexibles' established a code of conduct which is available to all employees of Constantia Flexibles at all sites. Additionally online-trainings are provided ensuring awareness among all employees.

Employee hiring and employee turnover

As Constantia Flexibles is a global player on the packaging market, the strategic personnel development is key to sustainable success.

The diagram shows the employee turnover and new employee hires of Constantia Flexibles by age group and gender. The new employee hire rate of 17.6% underlines the continuous growth of Constantia Flexibles.



Employee turnover and new employee hires by age group and gender (not including new acquisitions in 2015).

Table 1: employee turnover and new employee hire

Employee turnover rate 2015	10.6%
New employee hire rate 2015	17.6%

Absenteeism

Constantia Flexibles has local procedures at every site measuring absenteeism, whether it is vacation, sickness, training or maternity leave. In selected plants, Constantia Flexibles is actively working on re-integrating long-term absentees together with workers' representatives, as well as establishing preventative measures to reduce absenteeism.

Compensation

In the majority of sites, Constantia Flexibles is bound to legally binding collective bargaining agreements set by unions. Nevertheless, Constantia Flexibles has a culture of rewarding strong performance of its employees. Senior management has a common incentive scheme. Salaries are reviewed on a regular basis. Constantia Flexibles strives towards being an attractive employer by offering generous monetary and non-monetary social benefits such as canteen and public transport subsidies.

With regard to compensation, plants also report their provided benefits, as maternity and paternity leave according to national law in the course of the Sedex membership. As this is also key to Constantia Flexibles, Sedex (Supplier of Ethical Data Exchange) is an important ethical standard for the group. Sedex is a non-profit organization and platform for members who are permanently engaged in improving the criteria for ethical procurement along the value chain and is also addressed in the chapter "Responsible and ethical sourcing". Currently 33 over 42 plants in total are registered Sedex-members. Due to the membership, Constantia Flexibles' plants monitor and assess wages paid against local minimum wages in the respective countries. Two thirds of the Sedex-registered plants have already been audited, externally.

Training

Employees in production receive a regular health and safety training, as well as technical trainings. Every year Constantia Flexibles refreshes its portfolio of trainings to support employees in their career development, with the focus on communication, efficiency at work and leadership skills. The annual development talk with employees, plus succession planning, rounds off the portfolio of learning and development activities at senior managerial level.

For the levels below management, Constantia Flexibles has been able to firmly establish the Constantia Training Toolbox - first introduced in 2014 - as a standard global training catalog. This provides competency-based training initiatives for Constantia Flexibles' experts and middle managers around the world. Constantia Flexibles has also integrated new learning pathways that will be developed further in the fiscal year 2016.

Health and safety

Constantia Flexibles promotes the constant development of health and safety at work with the aim of continuous and sustainable improvement of the work environment. Constantia Flexibles states the expectations with regard to health and safety in its group policy and points out the accountability for line management and everybody's responsibility to care for everybody's health and safety who works at the company.

The health and safety figures - handed in on a monthly basis by all Constantia Flexibles plants - are subsequently summarized, verified and checked on group level. This report represents the safety performance of each production plant per business division.

Table 2: Occupational health and safety data 2015 (not including new acquisitions in 2015)

Lost Time Incident Frequency Rate ⁽¹⁾	13.7
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(1) LTIFR is measured by calculating the number of injuries resulting in at least one full workday lost per million hours worked.

As part of the ongoing efforts to avert such harmful losses, Constantia Flexibles provides its employees with trainings, which are most relevant to their role creating awareness and understanding of hazards attached to their work.

As Constantia Flexibles strives for continuous improvement and considers health and safety as enabler for achieving Operational Excellence, a new function on group level for Health, Safety, Security & Environment (HSSE) was installed as part of the organizational unit "Operational Development" in Q4-2015.

Further combined efforts will be realized to accelerate Constantia Flexibles' quality of work. The company intends to establish a HSSE-framework undertaking certain enhancements by establishing group-standards, providing trainings for senior management and by ensuring topics related to health and safety become an even more integrated part of the daily business.

A global initiative to increase the opportunity for more details in reporting will be started during the year, which will be reflected in future H & S reports.

Environment

Constantia Flexibles considers environmental responsibility to be an integral part of its entrepreneurial activities. Its commitment is based on the following principles:

- awareness of possible environmental risks and how to minimize them by selecting certain product technologies;
- use of more environment-friendly materials in the product portfolio;
- use of every opportunity for a reduction in the impact Constantia Flexibles has on the atmosphere, soil and water as well as the implementation of appropriate measures to lower greenhouse gas emissions and waste; and

- maximum utilization of resource friendly and environmentally friendly technologies alongside the ongoing optimization of material use.

Continual improvements in the consumption of raw materials, which consist primarily of aluminum, polymers, paper, varnishes and inks, constitute a major concern for the group. In times of a steady long-term increase in energy consumption and growing global water shortages, measures for the optimization of electricity, natural gas and water use are crucial to success - including economic success.

Additionally, potential environmental impacts on the level of product sustainability are made quantifiable through appropriate procedures (for example by conducting LCAs, etc.). In this context, an understanding of the sustainability performance of Constantia Flexibles' raw materials and of products supports the group in new developments and in the achievement of its goals.

Furthermore Constantia Flexibles employs professional software tools that constantly undergo further internal development in order to facilitate centralized compilation of the required data. Constantia Flexibles is extremely advanced in this respect. The group's technological solutions are state of the art, enabling to provide both to the customers and to the internal product and sales management teams with the best possible service.

Sustainability and environmental policy

Constantia Flexibles' sustainability policy focuses on the responsibility to the environment and to those who come after us. Sustainability is a growing science that balances current needs with those of future generations. Constantia Flexibles does not merely react to the demands of the customers, who are beginning to take more and more environmental responsibility for their products; Constantia Flexibles believes that future financial success is dependent on sustainable corporate practice. The establishment of an own Sustainability department on group level in 2010 reflects the dedication of Constantia Flexibles on this topic. To deliver information on environmental protection to employees the environmental policy of Constantia Flexibles is up on notice boards in every plant.

In addition to the implementation of a group-wide policy, Constantia Flexibles is acting and/or certified in accordance to the following environmental/responsible sourcing standards:

- ISO 14001 (6 sites);
- ISO 50001 (9 sites);
- FSC-CoC (4 sites);
- SMETA (15 sites);
- founding member of the Aluminium Stewardship Initiative (ASI).

Climate change

Greenhouse gas emissions

Among other tasks relating to corporate sustainability, Constantia Flexibles collects and monitors key data on its internal performance throughout the group. Since 2005, the company has been measuring its direct and indirect emissions (Scope 1 and Scope 2). Constantia Flexibles is quantifying as well the indirect emissions coming from upstream and downstream value chain activities (Scope 3). Constantia Flexibles measures and reports the emissions according the internationally recognized Greenhouse Gas Protocol, and the methodology used to calculate emissions from the different scopes is verified by an external consultant. In the verification review statement it is indicated that Constantia Flexibles' methodology has a reasonable level of assurance following ISO 14064-3 and represents a high level of assurance according to the CDP reporting principles.

The development of the mentioned standardized step-by-step approach has allowed Constantia Flexibles to understand the effects of emissions along its entire value chain. This enables the company to concentrate on actual rather than perceived opportunities for reduction. It will both provide the company with new management options and allow to make decisions on the basis of sustainable criteria, thereby meeting the requirement for an understanding of corporate activities and the performance of raw materials and products in the context of sustainability.

Scope 1 and 2

Constantia Flexibles accounts the corporate Scope 1 and 2 emissions with a professional software tool which supports the data collection and emission calculation. The application of this software tool ensures structured and transparent data collection for all production sites located in countries around the world. In addition, its application accounts for regional practice offering the consistent usage of different units (MJ, kWh, BTU, etc.) for data collectors. Validity intervals for potential error checking prevent typing errors and the use of wrong units based on comparisons to the previous year's performance.

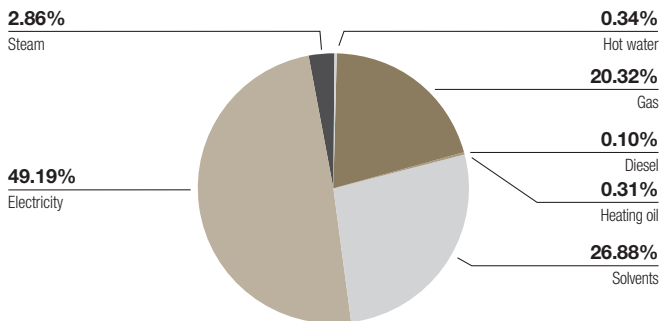
The table below shows the overall Scope 1 and 2 - CO₂ emissions of Constantia Flexibles for 2014 and 2015 (338.14 kt).

Table 3: CO₂ emissions breakdown by Scope for 2014 and 2015 (not including new acquisitions in 2015)

Unit	Scope 1			Scope 2		
	2015	2014	Change (%)	2015	2014	Change (%)
kt CO ₂ -equiv.	160.98	154.08	4.48	177.16	170.49	3.91

The graphic below indicates Constantia Flexibles' CO₂ emissions by source. It can be observed that almost half of the emissions are occurring as a result of the electricity consumption (Scope 2). Therefore Constantia Flexibles is currently changing several electricity suppliers and mixes throughout the group with the aim to increase the share of electricity coming from renewable resources.

Most of the remaining emissions occur due to the solvent and natural gas consumption (≈27% and ≈20% respectively) which are Scope 1 emissions. For this reason Constantia Flexibles is reducing its Scope 1 emissions by using more solvent free inks and water based lacquers as well as by feeding solvent gas streams to a RTO (Regenerative Thermal Oxidizer) combined with thermal energy recovery.



Breakdown of Scope 1&2 emissions by source (not including new acquisitions in 2015).

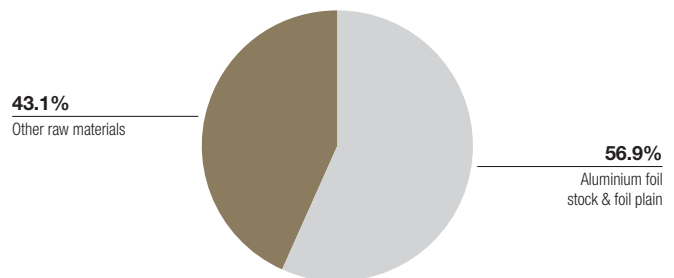
Scope 3

In addition to the assessment of direct and indirect emissions produced by the activities of the Constantia Flexibles Group, the indirect emissions caused by the processes up- and downstream of the supply chain (Scope 3 emissions) are evaluated as well. Therefore a method based on a comprehensive materiality evaluation of Constantia Flexibles' main Scope 3 emissions sources was established on a group-wide scale.

For Constantia Flexibles Scope 3 emissions are a key factor in terms of achieving its group-wide target. Risk assessments allow Constantia Flexibles to identify and analyze hot spots and initiate projects aimed at continuous improvement of its sustainability performance along the value chain. Knowledge of site-specific challenges on the

corporate, product and raw material levels helps Constantia Flexibles to tackle similar problems throughout the group.

The graphic below indicates the Scope 3 emissions by source. Most of the emissions (56.9%) are originated by the raw material aluminum foil (purchased as foil or rolled at Constantia Flexibles' rolling mill). Within the other raw materials, which account for 43.1% of the total Scope 3 emissions, the second biggest contributor (after the aluminum) are plastics followed by solvents and paper.



Breakdown of Scope 3 emissions by source (not including new acquisitions in 2015).

Adaptation to climate change and environmental protection

In 2015 Constantia Flexibles has been recognized with a strong CDP climate score rating for its highly transparent climate reporting and climate protection efforts. The company has achieved 100 percent in the disclosure score and was rated with a "B" rating with regard to its contribution to climate change mitigation, adaptation and transparency. These results confirm the strategy to reduce emissions sustainably, while maintaining the highest standards of transparency when it comes to reporting.

Besides Constantia Flexibles' efforts to reduce greenhouse gases the company tries to minimize emissions and effluents that have adverse effects on humans or the environment. Plants operating in accordance to ISO 14001 conduct assessments of major risk areas where spills and leakage may contaminate air, water and/or soil. Following completion of this assessment, plants have a management and external communication plans, compliance controls and a monitoring program in place to prevent and detect those spills and leakage.

Furthermore Constantia Flexibles assesses the risk and materiality of the biodiversity impacts and dependencies from the land use and activities over which the company has direct management control or significant influence, where applicable.

Several of Constantia Flexibles' plants are engaged in topics regarding adaption to climate change due to their ISO 140001 certification. In the course of its risk management the company addresses adaption to climate change also on group level.

Pollution and waste management

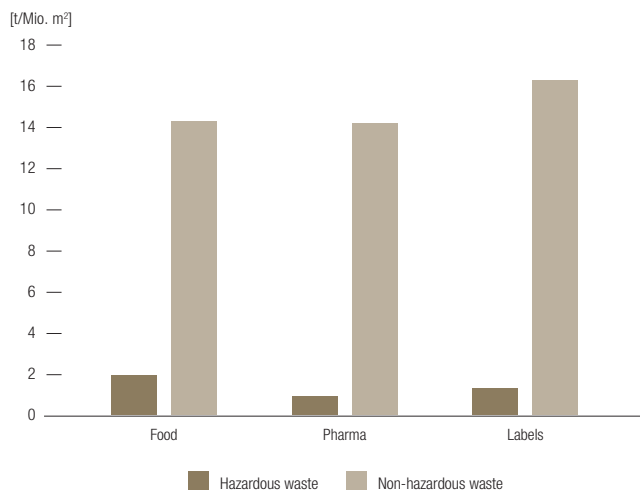
Pollution (NOx and VOC)

Constantia Flexibles is aware of the impact of NOx and VOC emissions on the environment. These emissions are originated in the plants from solvents use (VOC emissions) and from the burning of natural gas and solvents (NOx emissions) mainly. In this context the company has installed Regenerative Thermal Oxidizers (RTO) in several plants to recover heat energy, consequently reducing the VOC emissions coming from consumption of solvents. In addition Constantia Flexibles tracks its VOCs and other emissions in several of its plants (24 out of 40 sites are reporting VOC emissions and 13 out of 40 sites are reporting NOx emissions) in the form of solvent balance reports.

Waste management

In accordance with waste management plans on plant level Constantia Flexibles continuously monitors the achievement of implemented waste targets. The amounts of waste depend on the different technologies and product mixes in the three divisions.

The total amount of waste produced at Constantia Flexibles' sites in 2015 is 85.80 kt. The graphic below shows Constantia Flexibles' waste generation by division and category per output. It can be observed that the amount of non-hazardous waste produced per output is much higher than the amount of hazardous waste. Constantia Flexibles sends most of its waste to recycling or thermal recovery.



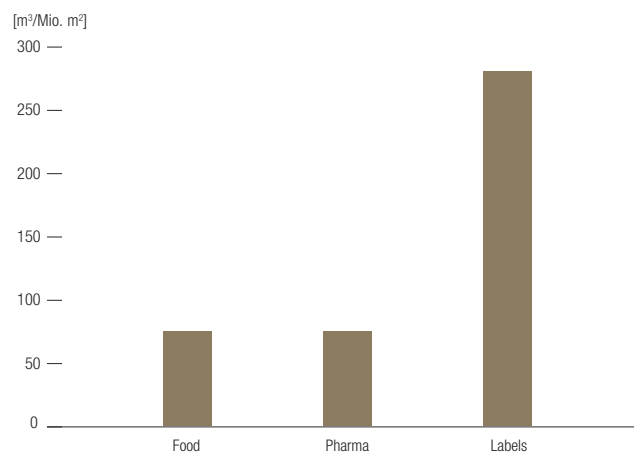
Breakdown of waste/product output ratio by waste type and division (not including new acquisitions in 2015).

Sustainable use of resources

Water management

Due to its usage mainly for sanitary purposes and in small amounts as a solvent for adhesives and lacquers, tracking water consumption is not material for Constantia Flexibles. Nevertheless, the group is aware of the importance of its impact for the environment and therefore monitors and reports water consumption.

The total water consumption in 2015 is 625,112 m³. The graphic below indicates the water usage by division.



Breakdown water input per product output and division (not including new acquisitions in 2015).

Energy consumption

Constantia Flexibles works for a continuous improvement relating to energy efficiency. Some of the approaches are:

- solvent recovery;
- reduction of emissions;
- organic solvent-free technologies;
- heat recovery and;
- closed water systems.

Moreover, several of the plants in Europe are verified against the ISO 50001 standard and therefore place special emphasis on reducing energy consumption.

Constantia Flexibles is also working intensively on encouraging its plants to implement environmental focused initiatives. They increase the sustainable performance of the group and contribute to a more efficient use of resources.

It can be observed that in 2015 Constantia Flexibles had a total of 73 initiatives with environmental focus. 48 initiatives intended to reduce energy consumption have been implemented among which 27 resulted in total savings of 11.7 GWh.

Table 4: Overview of number of initiatives and energy saved (not including new acquisitions in 2015)

	Number of initiatives	Number of sites with initiatives	Energy saved due to initiatives
Sustainability Initiatives	25	13	11.7 GWh saved within 27 initiatives
Initiatives to reduce energy consumption and GHG-emissions	48	16	
TOTAL INITIATIVES	73		

Responsible and ethical sourcing

Constantia Flexibles sees collaboration throughout the value chain (e.g. in order to implement responsible sourcing certifications or help our suppliers improve) as an important component of a comprehensive approach to sustainability. That's why Constantia Flexibles is a founding member of the Aluminum Stewardship Initiative (ASI).

The Aluminum Stewardship Initiative (ASI) was initiated to foster greater sustainability and transparency throughout the industry. Spearheaded by several industry players, the ASI is a non-profit initiative that seeks to mobilize a broad base of stakeholders to establish and promote responsible leading practices, across the aluminum value chain, in business ethics, environmental performance and social performance.

Moreover, Constantia Flexibles endorses the ethical standards represented by Sedex (Supplier Ethical Data Exchange). As mentioned in the social section, Sedex is a non-profit membership platform dedicated to improving ethical supply standards along the value chain using tools like standardized information exchange via questionnaires and audits (SMETA = Sedex Members Ethical Trade Audit).

Sedex focuses on 4 areas:

- labour standards;
- health and safety;
- environment and;
- business integrity.

Society

Social dialog

Constantia Flexibles is very conscious of its responsibility towards society. In 2015 Constantia Flexibles' plants conducted 31 sponsoring activities and 42 social initiatives. Constantia Flexibles places special emphasis on local communities - appropriate conduct for a good neighbor. Therefore 64% of the social initiatives were focused on the needs of local communities around Constantia Flexibles sites. A social award for outstanding achievements within the group is awarded to a group of

employees every year and reflects the commitment of Constantia Flexibles' employees with regard to social engagement.

Relationship with other stakeholders

Constantia Flexibles concerns itself intensively with the topic of sustainability at the association level as a participant in international task forces. As a permanent member of Flexible Packaging Europe's Sustainability Committee and the European Aluminium Foil Association's Foil Sustainability Action Group, Constantia Flexibles works constantly toward making its voice heard in terms of current affairs, initiating projects and encouraging intercompany cooperation in defense of common interests.

Likewise, Constantia Flexibles' membership of the Sustainable Packaging Coalition strengthens its ties to key accounts and increases shared understanding of the sustainability issues affecting the packaging industry. The Sustainable Packaging Coalition (SPC) is a task force dedicated to the vision of more environmentally friendly packaging. Through strong member support, sound scientific research, cooperation along the supply chain and continuous public relations work, the SPC strives toward developing packaging systems that successfully combine economic prosperity with sustainable material flows. The variety of projects carried out under the auspices of the coalition is reflected in the vast amounts of data shared between members. Above all, the global dialogue it encourages promotes worldwide consensus on the subject of packaging. As a committed member, Constantia Flexibles supports various projects that seek solutions to contemporary problems and the continued development of more sustainable packaging solutions for its customers.

Constantia Flexibles also takes an active interest in current and planned legislation in the field of sustainability. The expertise of Constantia Flexibles' employees and the knowledge it is able to share allow the company to play an active role in this area. By way of example, we must of course mention the current European Commission initiative that uses pilot studies on Product Environmental Footprint (PEF) and Organisation Environmental Footprint (OEF) as part of the Single Market for Green Products Initiative to test both planned legislation for all products sold on the European market and corporate reporting of non-financial data. Constantia Flexibles is actively involved in the requisite pilot studies and is a member of selected technical secretariats for individual product groups. The company's knowledge in matters of sustainability is helping to map the entire value chain for the

purposes of these studies, allowing the categories of environmental impact put forward by the European Commission to be reviewed and evaluated.

Alongside the monitoring and development of relevant trends with the potential to improve the sustainability of its products on the market and in legislative matters, support for internal stakeholders is another of Constantia Flexibles' key endeavors. In particular, product management and sales teams along with the individual sites are required to provide detailed reports on client-facing efforts. First and foremost, accurate communication on sustainability issues demands comprehensive briefing.

Business ethics

Constantia Flexibles is unreservedly committed to combat bribery and any other form of corruption. Constantia Flexibles' anti-corruption-policy sets out the standards of Constantia Flexibles in complying with applicable anti-corruption laws wherever it operates. Constantia Flexibles does not tolerate bribery and therefore stipulates in its anti-corruption policy that no employee may directly or indirectly offer, promise, grant or authorize the giving of money or anything else of value to a government official to influence official action or obtain an improper advantage. The same applies to a representative of a non-government-owned commercial entity in a business transaction.

Constantia Flexibles fully recognizes the principles of free and fair competition and commits itself to comply with all relevant antitrust requirements applicable in the respective jurisdictions the group is active. It is in accordance with the business policy of Constantia Flexibles to respect and promote fair and free competition. The company thus pursues a zero-tolerance policy with respect to anti-competitive practices in order to ensure compliance with the relevant competition law provisions.

To further enable self-control by its employees Constantia Flexibles has established a whistle blower hotline, where employees who have concern about a business situation can seek contact and advice. Furthermore, online trainings on anti-trust and on preventing bribery are provided to employees with external contact.

Innovation

As a globally active group, for Constantia Flexibles innovation, *i.e.* permanent efforts aimed at improving our products, services and production processes, represents a decisive factor for our business success. This not only applies to technical and economic issues, but also to ecological aspects.

Constantia Flexibles research and development work is carried out within the scope of projects and frequently assumes the form of joint initiatives with the global players among our key customers. Close cooperation with our suppliers as well as with international universities and research institutes also serves to secure cutting edge, market-oriented developments.

Constantia Flexibles has a sizeable number of patents and patent applications, which clearly indicate its strong competitive technological status. The company has two state-of-the-art Competence Centers for research and development (R&D). The "Competence Center for Aluminium Foil and Foil Laminates" as well as the group coordination for regulatory affairs are located at Constantia Flexibles' largest plant, C. Teich in Austria. In the competence center R & D experts work on the research and development of aluminum, lacquers and co-extrusion coating polymers. In 2015 the construction of Constantia Flexibles new R & D "Competence Center for Polymer Films and Film Laminates" in Weiden, Germany, was completed and the center was opened in October 2015.

As innovation is a key element of Constantia Flexibles business strategy, the innovation process is driven by product management, to work together closely with its customers and also includes other functions of Constantia Flexibles, such as sustainability and regulatory affairs.

Innovations of products in packaging can not only improve the environmental impact of the packaging itself but can also contribute to increasing the shelf life of the packaged product and therefore reduce food waste. This important role of packaging is not quantifiable within the framework of Life Cycle Assessment, but has significant impact on the amount of resources lost. Constantia is working to reduce food waste, as a member of the UN Safe Food Initiative. The Safe Food Initiative was introduced 2011 to put the issue of global food losses onto the political and economic agenda. As the global population continues to rise, it is imperative to find ways to reduce food waste (whether due to food being thrown away or allowed to spoil) and packaging solutions have an important role to play in ensuring sustainability. For this reason, the focus of Constantia Flexibles current efforts is on minimizing environmental impact, reducing material consumption and optimizing recyclability - while still maintaining the other top-quality product features - of the packaging solutions it provides to customers around the world.

Constantia Flexibles is conscious of its role and responsibility as part of the value chain and strives constantly toward making further improvements to its processes and products with regard to sustainability. The life cycle assessment studies Constantia Flexibles conducts both independently and in cooperation with the European Aluminium Foil Association (EAFA) and Flexible Packaging Europe (FPE) are fundamental to the improvement of its ecological footprint.

Constantia Flexibles has chosen a new and innovative path in this regard. In future, life cycle assessments will be conducted using a semi-automated approach, designed to increase the efficiency with which the company responds to the numerous requests it receives in the course of the life cycle design process and from its customers. This will involve automatically importing corporate and raw materials data into life cycle assessment models and making it available to a variety of internal and external interest groups via web-based platforms. The intention is to enable Constantia Flexibles to draw targeted real-time conclusions about relevant

outcomes during the innovation process and when specifications are modified.

Consumer health

To ensure consumer health and safety Constantia Flexibles complies with all food and pharma packaging regulations applicable in the respective jurisdictions.

In the two competence centers of the Constantia Group analytical research & development experts with state of the art analytics, laboratory tests and knowledge investigate the safety and compliance of our products. In particular, these related to the supplementation of chemical-analytical capacity with a focus on migration.

Subcontracting and suppliers

As part of its purchasing policy and to emphasize the interest of Constantia Flexibles in implementing its social responsibility and fair, ethical and sustainable principles of action and conduct throughout their entire supply chain, Constantia has developed a code of conduct for suppliers. The "Code of Conduct for Suppliers and Subcontractors" defines the basic requirements that Constantia Flexibles places on its suppliers of goods and services and subcontractors concerning their responsibility towards their stakeholders and the environment.

The principles described in this code of conduct are based, to a large extent, on the principles of the Universal Declaration of Human Rights of the United Nations, on the Conventions of the International Labour Organization (ILO), and on the UN Conventions on the Elimination of all Forms of Discrimination against Women and on the Rights of the Child. Of course the fair trade practices, integrity vis-à-vis all stakeholders and environmental protection are also part of the code of conduct for suppliers.

Based on the values described in this code of conduct, Constantia Flexibles strives for a close partnership with its suppliers and subcontractors with the aim of jointly creating added value for all stakeholders.

The code of conduct for suppliers is part of the purchasing conditions set by Constantia Flexibles. In 2013 inquiries were sent to all suppliers verifying their compliance with Constantia Flexibles' requirements. A follow-up evaluation is planned for upcoming periods.

Transparency

The Constantia Flexibles Group acknowledges its social responsibility vis-à-vis society in general, as well as vis-à-vis business partners, shareholders, and employees. Due to the great significance of transparency in this matter, Constantia Flexibles shares key environmental data throughout the supply chains, for example on the platform Ecodesk, which facilitates rapid ecological footprint analyses of corporate supply chains. In doing so, the platform encourages and supports suppliers in the measurement and management of relevant business issues in order to ensure sustained value creation. Constantia Flexibles is also active member of EcoVadis. EcoVadis aims at improving environmental and social practices of companies by leveraging the influence of global supply chains.

Methodology

Reporting scope

The reporting scope includes 41 Constantia Flexibles sites which were part of the group in 2015. The new acquisitions (Afripack and Pemara) will be included from 2016 onwards.

- Constantia Flexibles had new acquisitions in 2015 (Afripack and Pemara), which will be taken into scope from 2016 onwards.
- The site Aluprint Plegadizos is not included in the scope, except for the total number of FTEs and the health and safety figures.
- The head quarter and the sales offices were not part of the scope in the environmental section.

Social

Employees

The figures for total number of employees per division represent all employees at sites and sales offices counted in FTE (Full-Time-Equivalents) per December 2015. Calculations for other HR-related figures are based on total headcounts on plant level and cover 95% of all employees (offices are excluded). Definitions are set according to the Global Reporting Initiative (GRI):

- employee turnover: Employees who leave the organization voluntarily or due to dismissal, retirement, or death in service;
- employee turnover rate: The employee turnover rate is calculated as the total number of employee turnover in 2015 divided by the total number of employees December 2015;
- employee hire rate: The rate is calculated as the total number of new employee hires in 2015 divided by the total number of employees in December 2015.

Health and Safety

The health and safety figures include all employees on plant level: blue collar, white collar, apprentices, including temporary workers (high season), but excluding external workers, such as contractors and interim seasonal workers.

- Lost-time-incidences: Any incident occurring at the work place which results in the injured person being absent for one or more scheduled workday.
- Lost Time [days]: The number of days lost due to an LTI has been reported by the plants either as calendar days (as recommended by the group management) or as work-days. This will be homogenized in the future reporting campaigns.
- LTIFR is measured by calculating the number of injuries resulting in at least one full workday lost per million hours worked.

Environment**Scope 1 & 2 & 3**

The CO₂-emissions calculation is based on Scope 1, Scope 2 and Scope 3 (category "purchased goods and services") as defined by the Greenhouse Gas Protocol Initiative (Corporate Value Chain Accounting and Reporting Standard).

The standard provides requirements and guidance for companies and other organizations to prepare and publicly report a GHG emissions inventory that includes indirect emissions resulting from value chain activities (i.e. Scope 3 emissions: only "purchase of goods and services" category).

Waste generation

The data on waste generation were defined according to GRI (Global Reporting Initiative) and collected in a mass unit.

- Hazardous Waste: Hazardous waste as defined by national legislation at the point of generation.
- Non-hazardous Waste: All other forms of solid or liquid waste that are not considered as hazardous waste by national legislation at point of generation. Wastewater is not included.

Water usage

The data on water usage were defined according to GRI (Global Reporting Initiative) and collected in a volume unit.

- Water Withdrawal (Input): The sum of all water drawn into the boundaries of the organization from all sources (including surface water, ground water, rainwater, and municipal water supply) for any use over the course of the reporting period.

Methodical limitations

- The frequency of occupational diseases is not included in this report as in some countries where Constantia Flexibles operates, law does not allow reliable tracking of this indicator.
- As the tracking of VOC and NO_x emissions is quite complex, complete data for all plants are not available. Constantia Flexibles approaches this issue by planning to analyze the NO_x and VOC emissions of sites, which solvent consumptions comprise a major percentage of the company's total consumption.

As the lost time days were not calculated homogenously among all plants, they are not included in this report.

3.2.2 Cromology

3.2.2.1 Commitments for a responsible enterprise

General policy

Since 2010, Cromology's sustainable development policy has centered on its "CORE, Commitment to a Responsible Enterprise"

initiative, through seven goals identified within the three pillars of sustainable development:

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

The policy is based on seven values defined by Cromology at the end of 2014 as fundamental principles. These guide the initiatives, decisions, choices and day-to-day conduct of the people in the group. These values are:

- safety;
- excellence;
- respect;
- customer satisfaction;
- imagination;
- teamwork;
- simplicity.

Management's commitment

"We firmly believe that what we invent and achieve must protect and enhance the environment of those who live in it.

The ambition of Cromology and its brands is to help our customers—professionals and individuals—to increase their technical and aesthetic know-how, thus contributing in a lasting way to everyone's well-being.

Such conviction means that we are conscious of our responsibility as decorative paint designer, manufacturer and distributor to everyone—internal and external—who works for our sustainable and responsible growth.

In this way, Cromology's commitment to sustainable development is in step with our desire to combine long-term economic performance with excellence in terms of:

- the safety and social development of our employees and the sub-contractors who work on our premises;
- nature preservation;
- dialogue with the community.

Responsible development: we live it every day; and I am convinced that by honoring our CSR commitments throughout all our business activities, Cromology is making a contribution to our stakeholders and the company, creating value for them."

Gilles Nauche

CEO of Cromology since September 2015

CSR governance

In 2015, Cromology formed a CSR steering committee consisting of members from the Marketing, Supply Chain, R&D, HR, QSE and Communications departments, and the manager of an operating subsidiary, who define and manage the group's CSR strategy. The committee met four times in 2015. One of the committee's first decisions was to confirm the objectives of Cromology's CSR policy as defined in 2010, and incorporate them into the three-year strategic plans for the various subsidiaries.

Each Cromology subsidiary develops its long-term approach to CSR in the way that is best suited to the local market and its customers. This local connection ensures that the commitments made are relevant and that all teams quickly adopt and act on them.

For example, Zolpan, one of Cromology's French subsidiaries, has its own CSR approach based on ISO 26000. Consequently, in 2014, the independent verifier VIGEO renewed Zolpan's LUCIE certification (the French CSR label), originally awarded in 2011. The follow-up audit is scheduled for October 2016.

3.2.2.2 Reporting methodology

Scope and methods of consolidation

To produce the key indicators selected for this report, data were taken from the scope of the entities consolidated in the financial statements of the Cromology Group.

A specific calculation method has been defined for each indicator. Where measured data is not available, each entity produces estimates and an explanatory note, according to methods appropriate for that indicator. Data are collected using report files validated by Cromology.

Responsibilities and verifications

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

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

Safety indicators are produced by the Safety manager in each subsidiary. The environmental experts of each Cromology subsidiary are responsible for producing the environmental data.

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

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

Reporting methodology

Methodological limitations and uncertainties

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

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

Safety indicators

Lost-time injury frequency rate

The lost-time injury frequency rate (LT1) is the number of accidents involving the loss of one or more days of working time that occur over a 12-month period, per million hours worked. It is reported for all entities in the Cromology Group and includes fixed-term and permanent contract employees, temporary employees and subcontractors.

The accident frequency rate with and without lost time (LT2) is the number of accidents with and without work loss that occur over a 12-month period, per million hours worked. It is reported for all entities in the Cromology Group and includes fixed-term and permanent contract employees, temporary employees and subcontractors.

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 Cromology Group.

Environmental indicators

Water consumption

Water consumption includes the consumption of water for production activities and does not include the water for distribution networks. It is reported for all entities in the Cromology Group.

Energy consumption

Energy consumption includes the consumption of energy for production activities and distribution networks. It does not include the consumption of energy associated with employee transportation. It is reported for all entities in the Cromology Group.

Social indicators

Total workforce

The total workforce is the number of employees with a permanent or fixed-term contract with the Cromology 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 terms of number of people.

Hires & departures

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

Absentee rate

The absentee rate is reported for all entities in the Cromology 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 are reported for all entities in the Cromology 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 relation to the World Day for Safety.

3.2.2.3 Social initiatives: acting for and with employees

Cromology has nearly 3,900 employees in nine countries. Given its manufacturing and, in some countries, distributing activities, Cromology manages a wide range of professions with employees spread across a very large number of geographical locations.

Safety first, the most important value of Cromology

Building a genuine safety culture at Materis Paints

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

Several Cromology subsidiaries have succeeded in reaching this objective, and some have achieved it several years in a row. For example, in 2015, the CRI Ouest industrial site in France and the San Miniato logistics platform in Italy, recorded 1,000 consecutive business days without a work-related accident.

The Cromology Executive Committee and senior management teams are closely involved in these efforts to build a safety culture and pass it on to all employees. A safety indicator is included in the annual objectives of the CEOs of each 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 Cromology.

In 2014, Cromology defined the "golden rules" of safety, which apply to all jobs in all subsidiaries, and has applied them to its entire workforce. In 2015, the same golden rules were applied to the entire Cromology Group.

New employees are made aware of the importance of safety by their managers when they sign their employment agreement; they also sign and agree to abide by these golden rules.

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

Each year since 2009, the World Day for Safety at Cromology has provided an opportunity to focus the attention of employees around the world on safety.

To help strengthen the safety culture among its managers in France, Cromology organized a two-day training program with an outside service provider for Cromology's 560 managers and 337 took part in 2015. Training will continue in 2016 and 2017.

To facilitate the sharing of experiences and promote risk prevention, Cromology has several multilingual communications tools

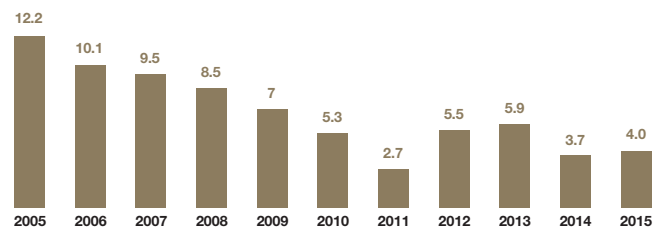
(presentations, posters, videos) that were developed by Cromology and address different types of injuries, depending on the work environment.

They can be used by Cromology managers for their "safety minute" presentations (daily or weekly meetings led by team managers), team meetings and information meetings.

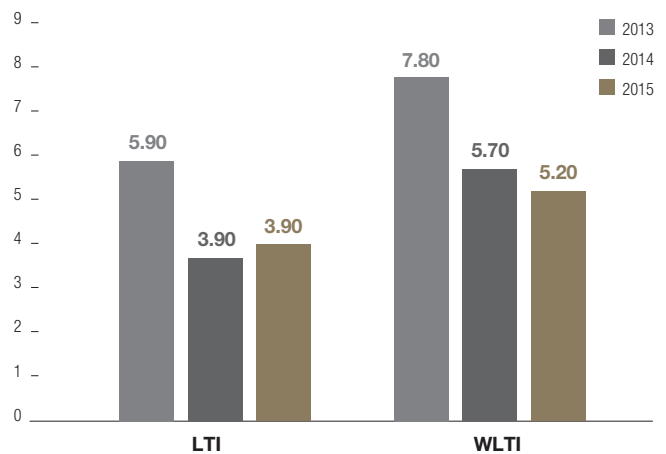
Monitoring results

Over the last 10 years, Cromology's LTI rate has dropped by two-thirds.

LTI rate over 10 years



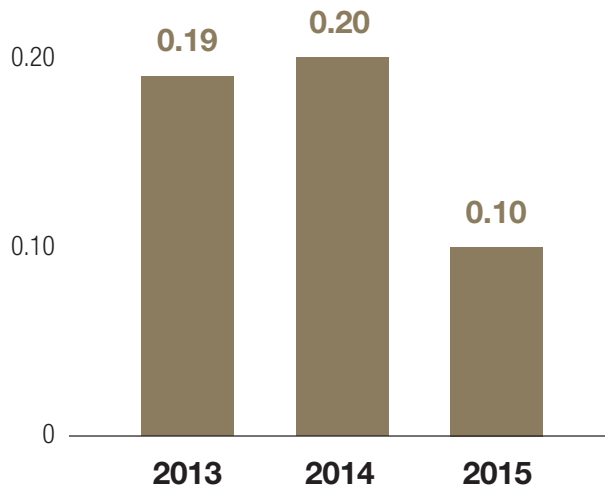
Cromology LTI and WLTl rates



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

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

Severity rate



The total number of accidents (with and without lost time) remained unchanged in 2015 compared to 2014. Nevertheless, the safety action plans implemented at Cromology subsidiaries helped to significantly reduce the lost-time injury severity rate in 2015.

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.

In 2015, Cromology implemented safety minute meetings and safety inspections at the distribution networks in France. Likewise, feedback on unsafe situations and near misses⁽¹⁾ (based on the "Bird" accident triangle) are monitored monthly through safety reporting and related specific targets. Each entity monitors how unsafe situations and near misses are handled.

Cromology has defined and implemented Cromology standards for visual safety management at industrial sites.

Incorporating the safety culture into industrial practices

At year-end 2015, all of Cromology's industrial sites were OHSAS 18001 certified.

Human resources organization

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

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

Because of its size, France has a special coordination process, with an HR department meeting about every two months and information sharing on transverse projects.

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

Salary increases and variable compensation paid to the 100 or so top managers at Cromology are proposed and examined for approval each year, following a centralized procedure. In 2015, the 100 most important positions in the group were benchmarked using the Hay method and remuneration was compared to each local market.

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

- support and apply the commitment to safety made by Cromology and ensure that its organization functions in a way that exemplifies the Cromology culture;
- 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, Cromology France continued its efforts to engage its 2,500 employees by defining and implementing initiatives involving communications, coordination and participative management.

As an example, Tollens held the second phase of its Reverso campaign to help employees get to know each other better. This time, sales representatives and sales outlet staff in the Paris area spent time in the head office Clichy to learn about their colleagues' work.

Cromology Research & Industry (CRI) took the initiative to offer all employees access to a 24/7 psychological counseling and support service. This totally confidential service is run by professional psychologists and is free for employees.

(1) Name based on the "Bird" accident triangle.

Thanks to best practices sharing between the HR departments at the Annual Meeting, the Great Place to Work survey was conducted in 2015 at Cromology España and at Robbialac in Portugal.

In Spain, the action plan consisted of helping managers to recognize the initiatives of their employees and to increase participation through enhanced communication by adopting the World café dialogue meetings implemented by CRI in France.

Robbialac launched the Great Place to Work survey in October 2015, and the company placed among the 25 companies with the best results out of the 100 European chemical companies that participated in the survey.

Although this performance is excellent, Robbialac will implement an action plan for 2016 and 2017.

Cromology Italia made a significant investment to improve employee work conditions at its site in Lucca. Cromology Italia benefited by consolidating a number of functions in this single location, and constructed a new building that houses the company restaurant in very comfortable surroundings. With the freed-up space, Cromology Italia opened its training center (see the "Training" section, below).

Internal communications

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

The group's Communications department managed the coordination of Materis Paints' name change to Cromology, with help from the group Development and Legal departments, the HR departments and the Marketing departments of the subsidiaries.

As a result, the appearance of numerous sites changed with the introduction of new signage.

The Communications department organizes the annual convention of executives to take stock of Cromology's development strategy.

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.

The time spent on information is continually growing:

- the Breakfasts program at Colorín in Argentina has been expanded. Every employee in the company participated in at least one communication meeting with the CEO during the year;
- regular, organized and structured information meetings are increasing at CRI, in the Tollens network, at Vernis Claessens and in Spain, where the Espacios initiative was launched. Every six months, the Executive Committee of this Spanish subsidiary spends a day updating employees, divided into small groups, on

the strategy, new product launches and results, thereby encouraging high-quality dialogue.

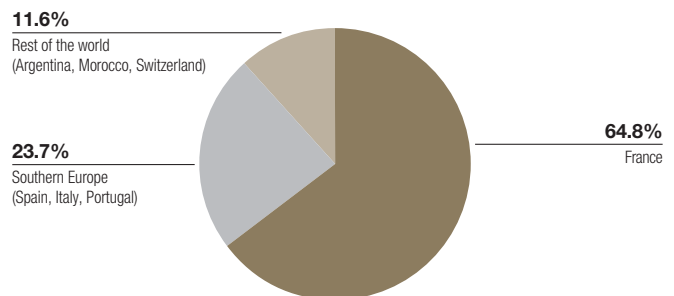
Workforce

Markets other than France and Italy recovered in 2015, while the Argentinean market felt the effects of soaring inflation and the foreign exchange market situation. Spain and Portugal benefited from an improving economic environment. In total, revenue was slightly higher than in 2014. The volume of paint produced increased by more than 5%.

In this context, Cromology 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.

Openings of new sales outlets, acquisitions of several distributors, Cromology's integration of positions and services previously with the Materis Group (in particular, the Cromology IT workforce and, to a lesser extent, employees in the group's financial and Legal departments), resulted in an increase in the workforce. This workforce growth was in part offset by adjustments in France and Italy. Worldwide, the workforce increased slightly (up 8%).

Breakdown of staff by geographic region



Absenteeism

The absentee rate at the Cromology Group remained stable at 3.2%. In Argentina, Colorín took specific action in this area and implemented a monitoring tool which successfully reduced the absentee rate by one point over a year.

Hiring, training and employee development

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

Hiring and onboarding

In 2015, Cromology hired 337 new employees on permanent work contracts.

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

Recruitment procedures were strengthened. Candidates systematically meet with several people. In particular, candidates for travelling sales positions meet with the executives of the distribution networks.

At least three references are obtained for candidates selected for the final phase of the process. In France, two positions were created to strengthen the recruitment process.

Before resorting to external recruitment, preference is given to employees already within the group whose performance demonstrates their potential for advancement. Consequently, positions to be filled are published internally before moving forward with an external recruiter. This publication is posted on a bulletin board and/or digitally (intranet at Zolpan or dedicated recruitment site at Tollens).

Procedures to facilitate the onboarding of new hires are becoming the rule, such as at Vernis Claessens in Switzerland, where every new hire visits all the departments in the company.

To ensure the successful onboarding of recent hires, new initiatives were taken in 2015, such as the Welcome Manual (paper and digital version) in Portugal, which is enhanced, improved and distributed to each new hire. In the Tollens group, each employee hired under a permanent contract spends one week in a sales outlet to get to know the company, the demands of its customers and the products.

Also in Portugal, each person hired under a permanent contract enjoys an integration period lasting from several days to two months to get to know several departments in the company.

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.

To facilitate the integration of its new employees, Cromology organized for the first time in 2015 a two-day orientation to introduce 126 new employees 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.

Training

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

Cromology is committed to offering regular training to its employees to help them build their skills and employability. In 2015, the number of group employees having participated in at least one training program during the year increased (more than 81% of employees), as was the average amount of time spent in training per employee, which increased from 15.7 hours to 19.1 hours. In 2015, for the second consecutive year, external training costs rose by 20%, indicating the greater sophistication of the training programs that were developed.

Cromology Italia built CromoCampus, a training center at its site in Lucca. Inaugurated at the end of 2015, this center is intended for the training of employees as well as clients

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.

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

At Tollens, each employee who has indicated their mobility receives a letter informing them that their request has been received by the HR department.

The APA is implemented in all group subsidiaries and is intended to reach all employees. However, this policy is not yet systematically applied. The percentage of managers having completed APAs decreased from 81% in 2014 to 68.7% in 2015.

Succession plan

Each subsidiary reviews its succession plan annually.

In addition, Colorín performs a preparatory People Review intended to be fed into the succession plans, and to identify high potentials, key personnel and experts.

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 Cromology. 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 Cromology is coordinated with its subsidiaries and adapted to take into account characteristics that are specific to their local markets.

This compensation policy is based on the following principles:

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

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

In 2015, Zolpan and Couleurs de Tollens (French integrated distribution subsidiaries) amended the variable remuneration systems of their travelling sales force (310 employees) to adapt them to the objectives for growth and gaining market share.

For employees with no access to public transport to commute to distant sites, Cromology Research & Industry introduced transportation vouchers.

The Human Resources departments in each subsidiary conduct periodic benchmark studies to ensure that compensation is consistent with market levels. Each year, Cromology subsidiaries engage in negotiations that enable a significant number of local collective agreements to be adopted regarding compensation or other HR topics (18, including nine specifically for 2015).

In 2015, personnel expense represented 24.9% of Cromology's sales. This one-point increase compared to 2014 was primarily the result of the weak revenue growth, due to the increase in employees and very high inflation in Argentina (see "Employees" section).

Cromology considers employee benefits to be an integral part of its overall remuneration policy. In this vein, all of the French companies in the group adapted and updated the company-wide death & disability and healthcare plans in 2015 through a cooperative approach endorsed by personnel representatives.

Similarly, the Swiss subsidiary Vernis Claessens negotiated improved benefits in the event of death, while reducing payroll deductions.

Since 2014, the French employees have received an individual annual statement with detailed information about their overall annual direct and indirect compensation and their total healthcare and retirement benefits.

Organization of work

Each Cromology entity ensures that its business activities comply with local regulations. The continuous improvement of working conditions and organization is also an important element of each subsidiary's human resources policy for improving company performance, applied by each group subsidiary.

Consequently, Couleurs de Tollens introduced a new sales force management organization in its distribution network. Management is now specialized between the sales promotion managers, who manage groups of sales outlets, and sales development managers, responsible for managing the travelling sales force. This new organization also created career opportunities for the highest-performing employees.

Cromology España entered into an agreement with trade unions to add a fourth production team on weekends from January to October. This agreement will reduce overtime and create permanent (rather than temporary) jobs, while better meeting customer demand.

In addition to collective agreements on compensation, nine local collective agreements were signed in 2015 in areas related to working time, training, safety, health and diversity.

Diversity

Cromology fights all forms of discrimination.

In France, the Zolpan subsidiary is a signatory to the Diversity Charter. In France, Cromology has signed agreements with adapted employment centers or sheltered workshops. Cromology also notifies specialized organizations for the employment of people with disabilities of available job openings.

Freedom of association

In accordance with local regulations, Cromology 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

Respect for the environment is an important aspect of Cromology's culture. Protecting the environment is a key element in the Cromology culture, which is why the group invested €2.4 million in 2015 to prevent "environment and safety" risks, representing 12% 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 Cromology, mainly involving the formulation and manufacture of paint, have a moderate direct impact on the environment.

Strengthening the environmental management system

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

Optimizing the use of resources

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

Energy management and energy efficiency

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

The group's total energy consumption in 2015 was 186.2 terajoules, up 0.8% from 2014, while business volume increased by 6.8% over the same period.

This reduction in the ratio of energy consumed to quantity produced resulted in a decline in NO_x and CO₂ emissions by 2.9% and 4%, respectively, in absolute values.

The 4% decline in COV emissions was the result of ongoing process improvement and optimization.

Zolpan's distribution network conducted a new carbon assessment in 2014. Following this assessment, Zolpan introduced ecodriving to

its employees, launched awareness campaigns on energy efficiency and has used hybrid vehicles as much as possible in its automobile fleet. A second assessment is planned in 2017 based on 2016 performance.

In Europe, an energy audit in line with European directive 2012/27/UE was performed for the relevant entities: Italy, Portugal, and the Zolpan and Tollens networks. An action plan will be implemented by entity in 2016.

Water management

The group's total water consumption in 2015 was 158,504 cubic meters, up 0.9% while business volume increased by 6.8%. Correlating with the small increase in water consumption, Chemical Oxygen Demand (COD) increased between 2014 and 2015, from 47.3 to 47.8 metric tons. Total suspended solids (TSS) content fell by 4.5% over the same period.

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

At Les Franqueses (Spain), for instance, a new biological water treatment unit was installed at the end of 2014 and is now fully operational.

At La Bridoire (France), the first pilot evaporator/concentrator was tested to improve the quality of water discharged. A second test will be conducted in the first quarter of 2016, with the eventual goal of eliminating water discharge at the site.

A water consumption awareness campaign was conducted at the logistics platform at San Miniato (Italy).

Raw material management

The processes employed by Cromology in its activities produce very little loss or waste.

In 2015, processes and recycling were improved, reducing waste from 4.3% to 3.7% of the manufactured volume.

At the La Bridoire (France) site, for example, extremely rigorous management reduced total spoilage by 16% while production declined by only 4%. The logistics platform at Vémars (France) also reduced its hazardous waste by 17% by reducing its breakage rate (better productivity) and by better management of its waste.

Better management of obsolete products resulted in a 19% reduction of waste at the Les Franqueses (Spain) site.

Working closely with its packaging suppliers, the group was able to reduce its consumption of petroleum-based raw materials by using regenerated plastics. Cromology's principal supplier has thus committed to using up to 50% of the volume of regenerated polypropylene to manufacture the packaging used by the group.

As a color expert, Cromology manages the entire preparation and manufacture of all its colorants for perfect and timeless colors. Consequently, Cromology provides its integrated and partner distribution networks with colorants manufactured in its own factories. In 2015 Cromology replaced its rigid plastic packaging with flexible packaging. In 2015 Cromology replaced its rigid plastic packaging with flexible packaging, which reduced the volume and weight of this packaging (27 metric tons), and the energy needed to manufacture and transport them. In addition, this type of packaging allows the optimal use of the product, down to the last drop, which results in the least product loss (5.5 metric tons).

Limiting the environmental impact

Management and disposal of industrial waste

In 2015, the industrial activities of Cromology generated a total of 8,302 metric tons of waste (a 8.7% decrease from 2014 compared with a 6.8% increase in production over the same period). This waste was treated by specialist subcontractors accredited by local authorities.

The amount of waste classified as hazardous under the European Waste Catalogue, diminished by 15.8% between 2014 and 2015. 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 be recovered from them.

Noise pollution

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

In 2015, Cromology obtained OHSAS 18001 certification for all of its industrial sites.

Land use

The land footprint of Cromology's industrial activities and their direct impact on land are not significant and do not warrant close tracking of land use.

Adaptation to the consequences of climate change

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 Cromology 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

As a stakeholder in the community, Cromology's commitment focuses on two actions:

- innovating, to design and offer products and services that are increasingly respectful of the environment and its customers and users: professional painters, retail customers, independent and big box DIY distributors, architects, and public and private builders; and
- strengthening the relationship between the group's sites and the communities where the group conducts its industrial and sales activities.

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

Cromology has an aggressive innovation policy: nearly a quarter of its 2015 sales were achieved with products less than three years old.

Cromology achieved its goal of reducing the volatile organic compounds (VOC) emissions of its products in ten years. Ninety percent of the paints in its product ranges are now water-based.

Cromology also adheres to a voluntary comprehensive research and development approach focused especially on respect for the environment.

Cromology thus continually seeks to reduce the VOC content of its innovations as much as possible, beyond the regulatory requirements of the countries where it operates, while maintaining the highest level of quality and performance possible. New products meeting the most demanding VOC content labels⁽¹⁾ (Ecolabel, TÜV) or VOC emission rate⁽²⁾ (A+, TÜV) represented nearly half (47.8%) of 2015 sales realized for products less than three years old. In France, for example, Tollens and Zolpan launched products under the German TÜV label that limit the VOC rate to less than 1 g/l for interior paint; that is 30 times less than the content limit under European regulation, and ten times less than the content limit for the European Ecolabel.

Cromology is marketing a major innovation: 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 in 2014, for all categories combined, by the home improvement chain Castorama in France.

Cromology 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 5% of its sales) to improve energy efficiency and comfort in buildings. For example, Cromology 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 2015, Cromology's R&D investments represented 1.3% of sales from its manufacturing activities (excluding resale).

Strengthening the group's presence in the local community

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

The impact of Cromology's business activities, and the activities resulting from the use of Cromology products, are mainly local.

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

Most of its production operations are also carried out locally. In 2015, the share of Cromology revenues generated by products sold in the regions where they were produced was more than 95%.

Similarly, Cromology's policy for purchasing raw materials and packaging in Europe is to give preference to European suppliers in an effort to reduce its transport costs and have better accessibility and availability of the manufacturers.

Relations with suppliers and subcontractors

Purchases represent a significant portion of Cromology's expenses. The Purchasing department is committed to developing best practices with regards to CSR and exchanges with the group's suppliers on topics related to the group's CSR policy--in particular, targeted innovation policy for products that are more friendly to the environment and users, and management of the environmental impacts of production activities.

Cromology's two main purchasing categories are:

- "raw materials and packaging" to manufacture and package our paints; and
- "trade products" to provide our customers in our integrated stores with tools and equipment for painters and floor and wall coverings.

Cromology initiated a quality audit process in 2015, covering its raw materials and packaging suppliers. The internal report from this audit also included an assessment of the safety and environmental areas.

In September 2015, Cromology organized a "supplier's day", with more than 80 representatives from its strategic suppliers of raw materials, packaging and products for resale. This seminar allowed Cromology to strengthen relationships with its strategic suppliers over time, to give them a better understanding of Cromology's product innovation strategy, whose goals include respect for the environment and the well-being of the users of Cromology's paints.

(1) The VOC content (expressed in g/l of paint) is the quantity of volatile organic compounds found in the paint formulation.

(2) VOC emission (expressed in µg/m³ of air) is the rate of volatile organic compounds emitted into the indoor air after the paint is applied and dried.

Partnership and sponsorship initiatives

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

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

In Morocco, the Arcol subsidiary is running a program to renovate rural schools through skills volunteering and paint donations. In 2015, 11 schools and nearly 4,500 students benefited from this initiative.

The Argentinean subsidiary Colorín works with TECHO, an organization that is building more than 2,000 wooden houses to help needy families in South America.

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

Since 2009, Zolpan has offered nearly 40 sustainable development grants to projects being supported by Zolpan employees who volunteer their personal time. The beneficiary organizations most often provide services to needy individuals, protect cultural heritage, or promote sports.

Many subsidiaries also promote culture and the arts:

Colorin is a partner of Glaciarium, Museo Del Hielo, a museum dedicated to the understanding of glaciers and the environment. In Portugal, Robbialac has partnered with the museum 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. In 2015, Zolpan also contributed to the fresco reproduction of the portrait of Paul Bocuse, also in Lyon.

Preventing corruption

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

In 2014, an anti-corruption charter called "Cromology Group policy on gifts, meals, entertainment, travel and other advantages, political contributions, charitable donations, facilitation payments, solicitation and extortion" was presented to the Executive Committee. Each Cromology Executive Committee member, including all the CEOs of the operational companies, signed Business Conduct Guidelines that incorporate the anti-corruption charter.

In 2015 and the beginning of 2016, all Executive Committee members of the operational companies of the Cromology Group agreed in writing to implement it.

Commitment to human rights

The Cromology Group refuses to use any child or forced labor.

The Business Conduct Guidelines also refer to the Cromology charter on compliance with laws and regulations on export control and trading with certain countries (the "Cromology 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 Cromology 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	2015	2014
Workforce		
Group workforce	3,893	3,864
of which permanent contracts	3,744	3,706
of which % of permanent contracts	96.2%	95.9%
of which fixed-term contracts	149	158
of which % of fixed-term contracts	3.8%	4.1%
of whom Women	1,091	1,079
of which % of women	28%	27.9%
of whom men	2,802	2,785
of which % of men	72%	72.1%
New hires in the group ⁽¹⁾	337	262
of whom Women	106	72
of which % of women	31.5%	25.9%
Departures from the group ⁽¹⁾	348	368
of whom Women	99	100
of which % of women	28.4%	27.2%
Breakdown of staff by geographic region		
France	64.8%	64.2%
Southern Europe (Spain, Italy, Portugal)	23.6%	23.8%
Other countries (Argentina, Morocco, Switzerland)	11.5%	12%
Personnel expense as a % of sales	24.9%	23.9%
Absentee rate⁽¹⁾	3.2	3.0
Training		
Number of employees having completed at least one training program	3,163	2,959
% of employees having completed at least one training program	81.3%	76.5%
Average number of training hours per employee	19.1	15.7
External training costs as a % of payroll	0.8%	0.7%
Personal safety⁽²⁾		
Number of work injuries with at least one day of lost time	29	26
Number of work injuries without lost time	9	12
Rate of injuries with lost work time (LT1)	4.0	3.9
Rate of injuries with or without lost work time (LT2)	5.2	5.7
Severity rate ⁽³⁾	0.10	0.20
% of industrial sites with OHSAS 18001 certification	100%	83%

(1) Permanent contracts only.

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

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

Environmental indicators	2015	2014
% ISO 14001-certified industrial sites	44%	44%
Waste produced (% of production volume)	3.7%	4.3%
Energy consumption (terajoules)	186.2	184.7
CO ₂ emissions (metric tons)	3,718	3,873
NOx emissions (metric tons)	4.06	4.18
SOx emissions (metric tons)	0.35	0.27
Water consumption (cubic meters)*	158,504	157,062
Chemical Oxygen Demand (COD) (metric tons)	47.8	47.3
Suspended solids (metric tons)	25.3	26.5
Volatile Organic Compound (VOC) emissions (metric tons)	114.6	118.9

* Water consumption does not include water consumption from distribution networks.

3.2.3 Stahl

3.2.3.1 Human Resources - Highly committed to developing employee skills

In May 2014 Stahl acquired the Clariant Leather Services Business. This acquisition included three production plants with around 560 employees, explaining the difference between 2013 and 2014.

Employment

As of December 31, 2015, Stahl had 1,787 employees (1,767 full time equivalent), an increase of 21 employees compared to 2014.

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

Region	2015	2014	2013
Europe, Middle East, Africa	835	811	474
Asia-Pacific	347	339	270
India and Pakistan	287	278	168
North and South America	298	312	266
TOTAL	1,767	1,740	1,178

85% of Stahl's employees are on permanent contracts. In 2015, the ratio of employees included 78% men and 22% women, unchanged from 2014. In addition, 153 full time equivalents (FTE) left the group (dismissals and resignations) and 190 joined during the same period. These ratios are reasonable and in line with the market for the kind of activities and the location in which they take place. The turnover rate for 2015 was 9.7%.

Organization of work

Stahl operates through a complex international organization for historical reasons and to serve the customer base best. Currently it has 11 manufacturing plants, nine R&D centers, 37 application labs and 29 sales offices. Working practices are obviously different depending on the site. Nevertheless, average working hours are around 40 hours per week, except in India and Pakistan where they work 44 hours. Working hours and incidents are recorded by electronic or manual systems, depending on the site. All Stahl units record and report absenteeism in accordance with local legislation, and in such a way that can be recorded at the corporate level. The overall absenteeism rate for 2015 was 1.77%. This does not include Pakistan as the data was not available.

Social Relations

Given the international set up of Stahl and the relatively small dimension of the local units, there are two collective bargaining agreements in place in Stahl. These are negotiated by management at the local level under the supervision of Headquarters. Salary levels and other types of compensation depend on the individual countries. They are also centrally coordinated, in order to be competitive in the respective markets. A large proportion of employees in the company, mainly management and sales force, enjoy a bonus scheme based on measurable annual objectives. This bonus scheme is coordinated centrally to ensure proper alignment and consistency with local practices.

Compensation

Total compensation, excluding bonuses paid in respect of 2015, was around €101 million, approximately 16% above 2014, primarily related to the acquisition of the Clariant Leather Services Business.

Training

The nature of Stahl's business requires some specifically focused training programs. Priority is given to training on SHE (safety, health and environment) issues. Every new Stahl employee receives SHE instruction in line with their position. Next is technical training, to ensure the best possible use of manufacturing resources, the most appropriate product line, and the most suitable applications for the existing range, as well as the ability of

Stahl technicians to provide solutions that best meet customer expectations. In addition, training programs focused on sales, marketing and management skills take place on a regular basis, to ensure the efficiency of the local teams. Stahl created the Stahl Campus in 2014 for this purpose. Activities for this service take place in Waalwijk (Netherlands), Leon (Mexico) and Guangzhou (China) in order to provide the basic skills on leather and other processes to new employees, OEMs, brands, customers and students in the industry. This initiative is a great success in the market. Finally, Stahl offers a management training program, which focuses principally on sales and innovation skills. More than 120 managers attended this international program between October 2013 and December 2015.

Equality

Stahl is and remains an equal opportunity employer in all its locations worldwide. This is a public commitment, clearly stated on Stahl's website.

Stahl tracks the ratio of male to female employees, and the percentage of female employees in management positions. In 2015 there were 68 women in management positions, representing 3.8% of total positions, compared to 4.1% in 2014.

The nature of Stahl's business and the need to respect strict security and potentially emergency measures somewhat limit the opportunities for disabled employees. There are currently 19 disabled employees, compared to 20 in 2014.

3.2.3.2 Safety, Health and Environment

Stahl believes that consideration of the impact of its business activities on the safety, health and environment of its customers, employees, agents and the public at large is an integral and essential part of conducting its business. Stahl's SHE policy is to manage all activities to benefit the entire community while adhering to the following SHE value: "We will not hurt anyone, bother or alarm our neighbors or harm the environment."

In order to ensure that this policy becomes an integral part of its operations, Stahl works hard to create a positive SHE culture.

Stahl promotes the following principles:

- Give safety, health and environment top priority.
- Obey all applicable laws and be a responsible corporate citizen.
- Identify hazards and establish appropriate controls to prevent risks and potential adverse environmental impacts, and specify the regulatory requirements for the invention, manufacture, sale and use of its products.
- Provide customer service for all products throughout the supply chain.
- Take action to prevent injuries, occupational illnesses and environmental incidents.
- Report and investigate all incidents, take corrective actions and share what was learned from them.
- Ensure that employees and agents have the necessary skills for their positions.
- Define SHE requirements in clear and simple terms, communicate them to all employees, and ensure that they are followed.

- Report, monitor and audit all aspects of SHE performance to confirm that they are observed and continually improved.
- Celebrate and reward excellence in SHE performance.
- Require all employees to accept responsibility for their own safety and health, and that of their colleagues.

Stahl's SHE organization & reporting

All local and general managers are responsible for implementing the Stahl SHE policy and principles in the areas under their control. This responsibility includes adopting systems to recognize hazards, assess risks and provide effective controls. For outpost sites such as Application Laboratories, technical service centers and warehouses, the local or general manager of the controlling site may delegate this responsibility to the manager at the outpost site. The SHE reporting procedure has been substantially revised. Data is now collected and presented in a new format that simplifies information collection and interpretation. To allow quick comparison with historical data, the SHE statistical format presentation has been retained.

Stahl's SHE Campaign

In 2015 Stahl rolled out an ambitious, two-year, worldwide safety awareness campaign with the goal of reducing the number of incidents within the company. It consists of 12 eight-week campaigns related to the 10 Golden Rules of safety, with each focusing on a specific theme and including training sessions as well. This program is exhibited in all Stahl sites with posters in the laboratories and information flyers distributed to all employees. Finally, employees must demonstrate responsible behavior where safety is concerned.

Given Stahl's expansion in recent years, this SHE campaign plays a critical role in the company's strategy for sustainable growth.

Safety Performance Indicators

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

	2015	2014	2013
Frequency rate of accidents with lost work time ⁽¹⁾	0.14	0.15	0.08
Severity rate of accidents ⁽²⁾	3.8	5.55	0.97

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

(2) Severity rate is calculated as follows: (number of lost days x 100,000)/(number of hours worked).

Environmental Performance Indicators

Stahl continuously upgrades its production sites and laboratory facilities in order to achieve efficiencies and reduce its environmental footprint. The company measures energy, water and waste consumption on a monthly basis.

Stahl recognizes that climate change represents a potentially irreversible threat to society and that global CO₂ emissions must be reduced in order to meet the targets established by the global climate agreement reached at the COP21 conference in Paris in December 2015. Using 2015 emissions as a baseline, Stahl will issue a long term CO₂ emissions target during 2016.

The environmental performance indicators relate to Stahl's 11 manufacturing sites. The applications and testing labs do not provide sufficient data to be included in these performance indicators.

Carbon Footprint

	2015
Scope 1: Direct GHG emission ⁽¹⁾ (metric tons CO ₂ -eq.)	17,361
Scope 2: Indirect GHG emission from electricity sources ⁽²⁾ (metric tons CO ₂ -eq.)	17,823
Scope 3: Other indirect emission sources ⁽³⁾ (metric tons CO ₂ -eq.)	3,605
Total metric tons CO ₂ -eq.	38,788

(1) Scope 1: Direct GHG emissions are from sources that are owned or operationally controlled by the company--company owned or leased cars, other company vehicles, gas and oil used on site.

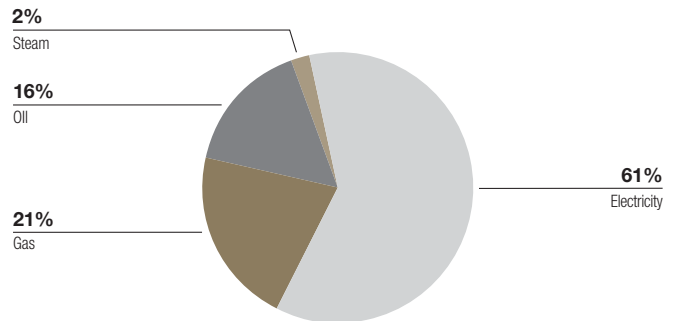
(2) Scope 2: Indirect emission from electricity sources: are from consumption of energy (in the form of electricity, steam, heat and cooling) purchased from the grid or district heating or cooling systems.

(3) Scope 3: Other indirect emission sources are related to company activity but are not from sources owned or controlled by the company, for example, business flights.

Actions undertaken in 2015 to reduce emissions:

- Upgraded production tank condensers at the Waalwijk site in the Netherlands to reduce CO₂ emissions (Scope 1);
- Modified process installation at the site in Parets, Spain, to reduce VOC feed treated by regenerative thermal oxidation (RTO) which consequently reduced CO₂ emissions (Scope 1);
- At the sites in India, installed two harmonic filters in the electric panel which reduced electricity loss by 3% and led to a drop in fuel consumption and a reduction of CO₂ emissions (Scope 2);
- Reduced the emissions of process VOC's used at the Peabody site in the United States by 25% compared to 2014. This was done by completing process modifications in early 2015.

Energy consumption



Actions undertaken in 2015 to reduce energy consumption:

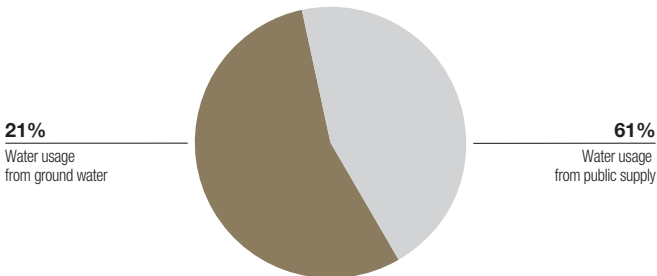
- Opened the new Automotive Center of Excellence in Waalwijk, Netherlands, in September 2015. This energy-neutral facility is BREEAM-certified (meeting the standards for the world's leading sustainability assessment method for buildings) and is designed to inspire Stahl's customers and partners by showcasing sustainable innovations for car interiors. The lab's high performance testing equipment also allows tests to be conducted according to global car manufacturer specifications.

- Started installing a new roof over the warehousing areas at the Peabody site in the U.S. to reduce energy loss. The new insulation being installed is 11.4 cm thick with a thermal resistance of 27.
- In 2016, continuing a feasibility study of a biomass plant to generate green steam at the Waawijk, Netherlands site. The aim is to use steam generated by a boiler that is fueled with biomass. This is a joint project with the production plants near Stahl.
- Began the ISO 50001 certification process for the energy management system at the Leinfelden (Germany) site.

Water consumption

	2015
Water consumption (cubic meters) ⁽¹⁾	320,072
Other water use (cubic meters) ⁽²⁾	491,021
Total water used (cubic meters)	811,093

- (1) Water consumption: the portion of water use that is not returned to the source after being used and which requires treatment before being recirculated.
- (2) Other water use: at the Palazzolo site in Italy, in addition to our usual consumption for cooling, water is used to help the community maintain the low level of groundwater. Water is taken and resent to the well, without any contamination, and thus does not contribute to water scarcity.



Actions undertaken in 2015 to reduce water consumption:

- Upgraded a problematic boiler balancing tank at the Peabody U.S. site which reduced the amount of water going to the sewer by 10-15% from the same period last year.
- Improved the steam condensate recovery at the site in Kanchipuram, India, by installing recovery pumps. Condensate recovery has improved from 20% to 60% of steam generated. This reduced deionized water consumption by 350 kiloliters per month.
- With the opening of the Automotive Center of Excellence in Waalwijk, Netherlands, in 2015, rainwater is no longer discharged to an external wastewater treatment center, but to a well to maintain the groundwater level.

Waste management

	2015
Hazardous waste (metric tons)	6,570
Non-hazardous waste (metric tons)	1,276
Total waste (metric tons)	7,846

	2015
Wastewater send for external treatment (metric tons)*	15,815

* This indicator only represents the Waalwijk and Toluca sites. The other nine sites have an on-site wastewater treatment installation.

Actions undertaken in 2015 with regard to waste treatment:

- New drain technology was introduced at the Waalwijk site for cleaning the production tanks in order to reduce waste.
- Developed a construction plan for a wastewater treatment plan at Waalwijk. Construction will begin in 2016 and be completed in 2017.
- Plans were approved to upgrade the existing wastewater treatment plant at the site in Suzhou, China. Construction will begin in 2016.
- Implemented a waste collection and sorting program at the Suzhou site. Hazardous and non-hazardous waste is gathered and placed in separate containers. This project reduced hazardous waste by 10% in 2015 compared to 2014.

Innovative solutions to reduce environmental impact

A high portion of the company's workforce (690 full time employees out of a total of 1,780) is employed in research and development activities. Of these 690 people, 90 are exclusively in R&D, working on polymer chemistry and basic research, and the other 600 are technical specialists and applications engineers who work closely with customers on perfecting the final product. With nine R&D centers around the world, much of Stahl's research is focused on sustainable solutions for customers. An ambitious approach to green product innovation is what is driving Stahl's sales growth.

Some examples:

Leather Chemicals & Finishing Products

- **Stahl EasyWhite Tan™:** The main environmental benefits of using the Stahl EasyWhite Tan™ chrome-free system include a significant reduction in the consumption of water, salt and energy in the leather tanning process. Sales of this single product doubled in 2015 vs 2014, and it is an increasingly common choice for customers seeking a more sustainable tanning process, without compromising on leather quality.
- **Green Polymatte®:** Polymatte® is a water-based polyurethane created by Stahl which forms a smooth, matte surface when applied as a film coating. It is used extensively by Stahl customers in the coatings and leather industries. In the Polymatte® range of products, Stahl has developed Green Polymatte® which is partially produced from rapeseed oil (a renewable plant-based resource) instead of petroleum-based polyols. This new composition preserves the smooth feel and matte surface of the coating.

High-performance Coatings and Polymers

- **STAHL EVO** is a new generation of polyurethane based products used to manufacture garments and footwear. Topcoats, skins, foams and pigments are all part of this constantly expanding range of sustainable products. STAHL EVO products are ZDHC MRSL-compliant, and also allow customers to eliminate the use of DMF in their processes, while reducing water and energy consumption. Sales of STAHL EVO products tripled in 2015 vs 2014, and this rapid growth is expected to continue as customers switch away from solvent based products.
- **Biobased polyurethanes:** Designing water-based polyurethanes using renewable raw materials is not new. Stahl has introduced several products based on this idea and bio-content levels of 35% can now be achieved. Stahl's vision, however, goes beyond that, and the company is currently working on high performance polyurethanes which contain 85% or even 90% bio-content. Such breakthrough technology would be groundbreaking for Stahl and its customers, given the technical challenges involved.

3.2.3.3 People & Society

Stahl has an active code of conduct policy which is being implemented throughout the supply chain. It ensures that the company's partners respect human rights and the environment. The company also has a whistleblower policy with clear rules that allow employees to report suspicious behavior that could be in conflict with the code of conduct, with the necessary protection for the whistleblower. There were no incidents of corruption reported in 2015.

Trusted Partnerships:

Stahl's goal is to achieve a more transparent and sustainable supply chain in the industries where it is active. By stimulating cooperation in the supply chain, via more intense collaboration with our partners, sustainability evolves as a positive consequence. Stahl's mission is to increase sustainability by promoting transparency.

Joint venture with Nutech

In July 2015, Stahl entered into a joint venture with equipment supplier Nutech, which produces innovative powder coatings for heat sensitive surfaces. Like Stahl, Nutech has a strong focus on sustainability and its eco-friendly coatings will become a key part of Stahl's offering in the architectural coatings segment.

■ Proviera® Technology Acquisition

Announced in early 2016, Stahl acquired exclusive distribution rights for a new range of bio-based products used in the early stages of leather processing. Proviera® products, derived from controlled fermentation of natural ingredients, can significantly reduce the effluent load from tanning while improving leather quality and yield.

■ Stahl Campus® expansion

Stahl Campus®, the global knowledge center established in 2014 in Waalwijk, Netherlands, to promote a more transparent and sustainable supply chain, was expanded to León, Mexico in November 2015. Stahl Campus® welcomes customers, suppliers, educational institutions, and OEMs, who come to deepen their knowledge through training. This new site enables Stahl's partners in Mexico to benefit from training modules adapted to the local market. In 2016, Stahl Campus® will expand its activities to Asia.

■ SLEM

SLEM, which stands for Shoe, Leather, Education Museum, is an international innovative and educational institution dedicated to footwear. Stahl Holding cooperates with SLEM and contributes yearly two scholarships for its Master of Footwear and the innovation it offers.

Aside from its commercial activities around the world, Stahl experts are also involved in non-profit activities in emerging countries:

- PUM is a Dutch non-profit organization that links small and medium-sized companies in developing countries to experienced experts in order to improve sustainability and combat poverty in those regions. Stahl and PUM have begun to work together on projects for the leather sector. Through this partnership, Stahl experts travel to the country in question with staff sent by PUM to visit tanneries that require the technical skills and services that only Stahl technicians can offer;
- UNIDO: The mission of the United Nations Industrial Development Organization (UNIDO) is to promote and accelerate inclusive and sustainable industrial development (ISID) in developing countries and economies in transition. Stahl and UNIDO are collaborating on projects which involve the promotion of sustainable practices in the leather industry, for example in Bangladesh and Pakistan;
- UN Global Compact: Stahl is committed to the guiding principles of UN Global Compact, the world's largest corporate sustainability initiative. Through this commitment, Stahl affirms that its strategy and operations are aligned with the universal principles of human rights, labor, environment and anti-corruption.

Community Projects

Stahl recognizes the importance of continuous engagement with the local communities living near its operations, laboratories and offices. There are many activities at the various sites around the world which demonstrate Stahl's contribution to the well-being of the people who live nearby. Some highlights:

- Talent Incubator - Stahl Mexico offers scholarships and internships for students from different Universities (e.g. La Salle, Tecnológico de Monterrey, Universidad Tecnológica del Valle de Toluca, Universidad del Valle de Toluca and Universidad de Guanajuato), through our Talent Incubator (STI) program. This program offers a real working environment for students in the final phase of their degree. It is coordinated by ANIQ (National Society for the Chemical Industry);
- Donations - Every year, Stahl employees donate clothes to charities in Portão which are dedicated to helping people in need. This year food, water, clothes, mattresses and cleaning supplies were collected for people displaced due to floods in the Southern regions of the country;
- University collaboration in China - Stahl China established a leather-specialized university program with Chinese universities. Stahl finances scholarships and organizes conferences for students interested in leather processing. Stahl China also offers the top students from these universities the opportunity to attend a two-week practical training session on leather manufacturing in the Stahl Guangzhou Technical Center;

- Mobility for people in need - Stahl Italy collaborates with PMG, an association working with the municipality of Palazzolo to assist with the mobility and transport of disabled children and people in need. Activity is mainly focused on transporting children to school in the mornings and to social centers in the afternoons, but also supports families, and promotes social involvement and integration of the disadvantaged in general. Two minibuses with drivers and accompanied by volunteers are made available to the municipality every day for the required travel schedules;
- Training and educational support - The Vanapadi Middle School is located near one of the Stahl sites in India. Stahl supports this school with equipment such as light fixtures, fans, an audio system and computers. Stahl also sponsors improvements to the school building, like the extension of the sanitary facilities and the installation of a new water tank with RO plant. Stahl India is involved in many local initiatives, such as vocational training and an environmental awareness program for a nearby village community.

3.2.3.4 Reporting methodology for Stahl

Reporting scope

Unless otherwise indicated, social data are reported for all Stahl entities worldwide. The environmental performance indicators relate to Stahl's 11 manufacturing sites.

Methodological limitations and uncertainties

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

The definitions and reporting methods used for the following indicators are described below.

Social indicators

Total workforce

The total workforce is the number of employees with a permanent or fixed-term contract with 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.

Safety indicators**Lost-time injury frequency rate**

The lost-time injury frequency rate is the number of accidents involving the loss of one or more days of working time that occur over a 12-month period, per 100,000 hours worked. Accidents while commuting between home and work are not included in this indicator.

Environmental indicators**Carbon Footprint**

The carbon footprint is calculated according to three scopes of missions:

- Direct GHG Emissions are those that occur from sources that are owned or operationally controlled by the company--company owned or leased cars, other company vehicles, gas and oil used on its sites (Scope 1);
- Electricity Indirect Emission Sources are related to energy (in the form of electricity, steam, heat and cooling) purchased from the grid or district heating or cooling systems (Scope 2);
- Other Indirect Emission Sources: are related to company activity but are not sources owned or controlled by the company, for example, business flights (Scope 3).

The carbon footprint data is reported annually.

Energy

The energy consumption includes all energy sources consumed by the 11 Stahl production sites around the world. The figures indicated do not include energy consumed by offices and laboratories that are not geographically connected to one of the production sites.

Water

The water consumption includes all water sources consumed by the 11 Stahl production sites around the world. The figures do not include water consumed by offices and laboratories that are not geographically connected to one of the 11 production sites.

The "Other water consumed" indicator is related to the Palazzolo site in Italy. There Stahl is using water in addition to the usual consumption for cooling, to help the community to maintain the low level of groundwater. Water is taken and resented to the well without any contamination, and thus does not contribute to water scarcity.

Waste

The waste indicator includes all hazardous and non-hazardous wastes generated by the 11 Stahl production sites around the world. The figures do not include waste generated by offices and laboratories that are not geographically connected to one of the production sites.

Furthermore, Stahl reports wastewater that is sent to an external treatment center. This data only relates to the sites in Waalwijk and Toluca. The other 9 Stahl production sites have their own wastewater treatment plant.

Consolidation and internal controls

The HR and SHE departments are responsible for consolidating social and safety data based on the information provided by the industrial group.

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

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

3.2.4 Mecatherm

3.2.4.1 Setting ambitious goals for continuous improvement

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

Given Mecatherm's growth over the past several years and the expected future growth, as well as the challenges of adapting to

accommodate this growth, the company needed to make some changes to the operational organization of the whole group.

Consequently, the primary initiative undertaken by the group in 2015 consisted of a total reorganization of operations, particularly for the purpose of reallocating resources to make the group more competitive and help it adapt to new demands from its clients and the market. This reorganization was also made to optimally integrate the external growth expected in the future.

As such, after observing how the group actually functioned, operations management decided to split the group's activities by product type, into two business segments:

- the "Crusty" segment for all activities related to baguettes, ciabatta, kaiser, etc.;
- the "Soft and pastry" segment for sandwich bread, buns, croissants and pastries, etc.

These two segments include autonomous "pre-project", "project" and "assembly-product line start-up" teams.

At the same time, Production Units (PU) were established in an optimized "cost-quality-time" arrangement, in relation to the different machines and functions of the group's product lines, as follows:

- "Front line" PU
- "Ovens" PU
- "Mechanized systems" PU (conveyers, accessories, etc.).

The Research and Development (R&D) department and "service" are not affected by the segments and the PUs since they are considered to be autonomous services outside of the operational organization described above.

This project began in February 2015 and was completed at the end of the summer.

The implementation of this new organization required changes in positions and functions for certain personnel, changes in function for others and in hiring.

In line with this new organization of operations, and to better promote the group's product range, the group decided to clarify the trade names of the group's companies. Mecatherm us

The two segments will be Mecatherm CrustyBread (site located in the Bas Rhin *departement*, France) and Mecatherm Soft&Pastry (site located in the Maine-et-Loire, France).

Each site continues to pursue its own projects and objectives, and takes orders related to the goals of the segment and the group's development.

Finally, in 2015, the "Ovens" PU (in the Bas Rhin *departement*) was the first location in the group to experiment with implementation of the *Lean* program.

3.2.4.2 Reporting methodology

Scope and methods of consolidation

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

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

Responsibilities and verifications

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

Additional information about reported indicators

The definitions and reporting methods used for the following indicators are described below..

Safety indicators

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

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

Social Indicators

Total workforce

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

Hires & departures

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

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: Mecatherm in Alsace (Barembach), Gouet SAS in the Loire valley (Montilliers) and TMG in Île-de-France (Paris). Gouet's secondary site in Seine-Maritime (Saint-Rémy-Boscrocourt) was definitively closed in September 2015.

As of December 31, 2015, Mecatherm had 409 employees, compared with 351 as of December 31, 2014. The majority of employment contracts were full-time, permanent contracts. Fixed-term contracts represented 8.80% of the total in 2015, a slight increase from 2014. Mecatherm plans to maintain the proportion of fixed-term contracts between 5% and 10%. The group's total workforce was composed of 22.98% managers and 77.02% non-managers. Women made up 10.51% of the workforce, an increase over 2014. Employees with disabilities represented 2.2% of the workforce.

In 2015, the group's turnover rate was 28.75%. This rate is due to the large increase in the number of new hires in the group between 2014 and 2015. There were 14 dismissals, primarily due to the

closing of Gouet's secondary site. The absentee rate in 2015 was 2.69%, lower than in 2014; the goal set in 2014 to reduce this figure to under 3% was achieved in 2015.

	2015	2014	2013
Total workforce as of December 31	409	351	304
Average staff numbers	421	358	322
Absentee rate	2.7	2.8	2.8

Compensation

Total compensation paid in respect of 2015 was €16.8 million. The level of compensation of all employees increased in the range of 1-3% on average. The increase in 2015 was due to a 1% cost-of-living increase plus individual increases. Furthermore, all employees (except at TMG) benefit from profit sharing at their company according to the legal provisions.

Organization of working time

The workweek is 37 hours long for non-management employees (excluding traveling staff and supervisory-level staff), organized on a monthly basis into three weeks of 39 hours and one week of 31 hours. To accomplish this, an 8-hour day is granted as work-time reduction ("RTT") during the 31-hour week. For management-level employees, non-management traveling staff and supervisory-level staff, working time is measured on the basis of 218 days per year. 0.73% of all employees work part-time due to medical leave or childcare leave.

Social Relations

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

The Montilliers site has a single employee representative body; health and safety issues are handled by the CHSCT.

At the Barembach site, employees have a works council and a CHSCT.

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

Training

More than 50% of employees participated in training in 2015, for a total of 4,839 hours of training. Mecatherm intends to maintain its goal to have at least one of every two employees take part in training.

Training is scheduled and tracked by the internal Human Resources departments. The training programs delivered on a yearly basis mainly cover technical skills, safety (such as driving forklifts, electrical qualifications or emergency first aid at work) and language skills. Refresher training courses are also organized annually.

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 2015, 2.2% 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 2015.

Furthermore, with the intention of adopting an age management policy, Mecatherm met several times with personnel representatives to create an action plan regarding the "generation contract". This three-year action plan aims to set out concrete actions to encourage the sustainable integration of young people into the workforce by their access to permanent contracts; encourage hiring older workers and keeping them employed; and ensure the transfer of know-how and skills.

Health and safety

Mecatherm continues to make employee safety one of its highest priorities and strictly applies all relevant laws and regulations. The group keeps an up-to-date risk assessment document for each company and has implemented systems to analyze and, if applicable, prevent risks. These include health risks (noise-induced and musculoskeletal disorders), chemical risks, psychosocial risks, transportation risks, and working-at-height risks. New initiatives are introduced each year in collaboration with the Health, Safety and Working Conditions Committee (CHSCT), the state health insurance organization (CRAM) and the occupational health administration.

For example, in 2015, 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 17.51 and the severity rate was 0.61.

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 2014 to increase the energy efficiency of the Mecatherm Group's own facilities and equipment were

continued in 2015. As a result, raw materials energy savings were achieved in 2015. These energy savings chiefly resulted from employee awareness campaigns, for example on environmental protection and recycling.

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

Indicators	2015	2014	2013
Direct energy (gas) MWh	4,341	3,075	4,686
Indirect energy (electricity) MWh	1,503	1,412	1,380
Water cubic meters	4,486	3,006	1,957

The volume of water consumption increased between 2014 and 2015, mainly due to the higher number of acceptance tests performed on the production lines in the demonstration hall, and increased activity at Wisches, Mecatherm's secondary site.

Other energy consumption reached the following levels in 2015:

Propane consumption: 83,700 kWh.

Diesel fuel consumption: 207,228 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)	2015	2014	2013
Ordinary industrial waste and paper ⁽¹⁾	112.98	98.56	85.18
Wood ⁽¹⁾	60.32	52.79	49.92
Stainless and other steels ⁽¹⁾	52.37	75.42	81.39
Fermentables (bread, dough, flour) ⁽²⁾	58.80	97	11.05
Hazardous (electronic, electric)	1.94	1.07	-

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

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

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

A study was conducted in 2015 on the implementation of waste sorting. At the end of the study, an awareness campaign was

conducted. A memo was sent to all employees, specifically summarizing the waste sorting methods to be followed. More specific attention was directed to paper sorting and recycling.

Optimizing the use of raw materials

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

group strives to efficiently manage its paper consumption, mainly by educating employees through memos and signs, and configuring IT systems to prevent waste.

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

Consumption (in metric tons)	2015	2014	2013
Paper	8.9	9.7	10.3

Mecatherm implemented a paper recycling system at the end of 2015.

Climate change

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

Biodiversity

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

3.2.4.5 Societal data

Promoting employment and regional development

Mecatherm has not manufactured any parts for about 15 years; this activity is subcontracted to highly specialized companies who apply detailed specifications. Mecatherm's workshops are therefore devoted to fitting and assembling parts and sub-assemblies manufactured by the subcontractors, many of which are local.

In 2015, 33.45% of the group's purchases were made from local suppliers (Bas-Rhin departement for the Mecatherm site; Maine et Loire and Vendée departements for the Gouet site).

By partnering with subcontractors, Mecatherm has more flexibility for handling peaks and troughs in business volume and contributes indirectly but significantly to local employment. As a result, purchases of parts and subcontracted parts created 147 indirect jobs with the group's 26 principal suppliers in 2015.

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.

Total purchases (parts and subcontracting) for the Mecatherm Group exceeded €51 million in 2015.

The principal categories of purchases are: manufactured parts, sheet metal, mechanized welding and machining, representing 43%; electrical panels and components, representing 11%; and transmission systems and kinematics, representing nearly 10%. Each of the group's sites demonstrates its local commitment by purchasing more than half of manufactured parts from suppliers in its department, or the surrounding areas.

Suppliers are carefully selected and audited for industrial performance, employee working conditions, and respect for environmental standards.

Mecatherm does not handle the shipping of equipment sold to customers, which is entrusted to outside providers. However, Mecatherm teams do assemble and install production lines at its customers' sites.

Fair business practices

Ensuring consumer safety

Mecatherm applies industry standards 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.

Food safety is a core element in the development of an industrial bakery.

All equipment that could be in direct or indirect contact with food is certified. Foreign substance detection systems are installed at the end of the production line. The automatic methods used by Mecatherm limit or totally eliminate all manual contact with food. Some customers, particularly in developing countries, use these

industrial methods as a selling point, to show that health standards are high.

Mecatherm's processes also aim to make its doughs more natural, with fewer enhancers. This is especially appreciated in many developing countries where for economic reasons bakers use artificial ingredients for better appearance or longer life. Mecatherm's procedures, which make it possible to work with more hydrated and more fermented doughs, provide the same results without artificial additives, which are known to cause health problems.

Preventing corruption

The group takes steps to prevent corruption. Since 2014, employee representative bodies have carried out an awareness campaign, in particular through the employment contracts of new personnel when they are hired. Personnel with functions that are more sensitive, such as purchasing and sales, are regularly reminded. Countries classified as high risk for corruption, according to Transparency International's corruption perceptions index, are recorded in our customer relationship management (CRM) software. It is regularly updated and taken into account by sales management in the analysis stage when deciding whether or not to pursue a business opportunity. Continued disassociation of purchasing and procurement activities, along with the addition of an anti-corruption provision to the General Purchase Conditions, will also significantly reduce corruption risk.

Commitment to or not human rights

Mecatherm refuses to use any child or forced labor.

When the company enters into any subcontracting or service-provider agreement for an amount of €5,000 or more, and every six months thereafter, it obtains verification by certified letter that its subcontractors are in compliance with French labor law, and more generally that French legal and social provisions are being applied.

3.2.5 Parcours⁽¹⁾

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 vehicle remarketing—into a single location. These branches are a preview of the future landscape of the Parcours network in France and elsewhere in Europe.

In 2015, the company inaugurated its fifth new-generation site, Parcours 3D in Strasbourg, France, creating seven new jobs and leading to a promotion for one employee.

Workforce and breakdown of staff

As of December 31, 2015, the company had 435 employees, up 17.3% from 2014.

With a 53% increase in employees over three years, the group continues to maintain a permanent contract employment rate above 97%.

	1-year change	2015	2014	2013
Workforce	17.3%	435	371	328
Men	18.1%	327	277	240
Women	14.9%	108	94	88
Management level	12.8%	97	86	82
Management level	18.6%	338	285	247
% of permanent contracts	1.0%	97.7%	96.7%	97.6%
% of fixed-term contracts (apprenticeship and insertion contracts)	-28.8 pts	2.3%	3.2%	2.4%

New hires and departures

Parcours grew in 2014, creating **94 new positions** across all of its business lines (long-term leasing, pre-owned vehicle sales and auto repair) as well as in support functions.

In 2015, the company hired 227 employees.

	1-year change	2015	2014	2013
Number of jobs created	70.2%	94	47	34
Number of employees hired	32.0%	227	172	139
Number of men hired	24.6%	167	134	103
Number of women hired	57.9%	60	38	36
Number of internal promotions	0.0%	35	35	44
Number of departures	26.4%	163	129	95
Of which dismissals*	17.2%	34	29	
Of which dismissals less than 1 year		14 (11% of departures)		

* Dismissals occurring at the end of the employee's trial period.

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

In 2015, **43 employees accepted an internal transfer or promotion, or 9.9% of group employees as of December 31, 2015.**

(1) Wendel has signed an agreement with ALD Automotive, with a view to selling all of the share capital of Parcours. The transaction is expected to close in the first half of 2016, provided the necessary regulatory approvals are received.

Compensation

	2015	2014	2013
Total payroll	18.9%	9.3%	11.2%
Average salary increase*	7.8%	4.2%	5.3%

* 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 2015, the average salary of an employee with more than one year of employment with Parcours increased by 7.8% (including bonuses paid for the period).

3.2.5.2 Organization of work

Organization of working time

Parcours mainly offers employees permanent work contracts.

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 2.27% in 2015 in France (permanent + fixed-term contracts).

	2015	2014	2013
Absentee rate*	2.3%	1.8%	2.2%

* 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.

The short-term absentee rate (less than 7 days) represented 30% of the 2015 absentee rate.

3.2.5.3 Labor relations

Labor-management dialogue

Parcours fulfills its regulatory obligations regarding the election of employee representatives.

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 coming year into perspective, and explain the company's short- 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 group's businesses.

Frequency rate*	2015	2014	2013	1-year change
Parcours Group	16.3	20.9	9.8	-22.3%

Severity rate*	2015	2014	2013	1-year change
Parcours Group	0.4	0.3	0.07	16.1%

* 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.

Collective agreements

The company did not sign any new collective agreements in 2015.

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

3.2.5.4 Health and safety

Health and safety conditions at work

Although Parcours does not have a CHSCT⁽¹⁾ due to a lack of candidates at the last election, 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.

At the end of 2015, Parcours appointed Bureau Veritas to perform an HSE audit of its principal site in Nanterre, France. The result of this audit will give rise in 2016 to an action plan that will also serve as the model for all of its sites in France and the rest of Europe.

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 seven injuries in 2015 in its auto repair business (down 30% from 2014).

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

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 2015, extensive work was carried out with business experts to formalize training modules and develop useful material on accounting, operations, marketing and sales in the vehicle remarketing business. A sales training manager was also hired to strengthen this priority in the commercial group.

This material is now used in training programs for both new and existing employees and called "Parcours Academy."

Total hours of training

Training	2015	2014*	2013
Total hours of training delivered	2,750	1,665	915

* Period covered: May to December 2014.

From May to December 2015, **238 employees received training** for an average of 11.5 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 the auto repair and bodywork facilities.

	2015	2014	2013
% of women in the group's workforce	24.8%	25.3%	26.8%
% of women among management-level staff	24.7%	19.8%	13.6%
% of women among new hires	26.4%	21.6%	25.8%

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 €40,254.72 to Agefiph* in 2015 to support the employment of people with disabilities.

	2015	2014	2013
Amount committed to adapted employment centers	3,028.4	5,367.5	4,090.9

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

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

1.1. Freedom of association and the right to collective bargaining

1.2. Eliminating discrimination in employment and occupation

1.3. Eliminating forced labor

1.4. Abolishing child labor

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:

In 2015, Parcours continued to apply the policy it initiated in 2013 at its new branch in Strasbourg and in the construction permits it applied for during the year, for its future sites in Annecy and Nantes.

Initiatives to train and inform employees about environmental protection

Resources devoted to preventing environmental risks and pollution

In 2015, **total CO₂ emissions from vehicles on long-term leases were 199,435 metric tons**, i.e. an average of 2,155 km/month with an average of 116.5 g of CO₂/km per vehicle.

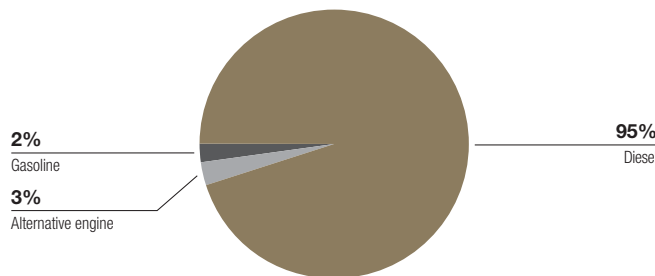
Carbon emissions for the fleet (passenger and commercial vehicles):

Long-term leasing fleet	Number of vehicles for the period	% Change 2015/2014	Average CO ₂ G/Km rate	% Change 2015/2014	Average mixed consumption L/100 km	% Change 2015/2014	Total theoretical distance km	% Change 2015/2014	Theoretical carbon footprint - metric tons CO ₂	% Change 2015/2014	Theoretical fuel volume liters	% Change 2015/2014
Passenger cars	40,002	12%	109.11	-5%	4.14	-4%	1,062,613,325	15%	115,490.07	10%	43,690,800.64	10%
Commercial vehicles	26,302	15%	127.82	-1%	4.84	-1%	652,507,209	16%	83,945.87	14%	31,689,921.89	14%
TOTAL	66,304	14%	116.53	-3%	4.42	-3%	1,715,120,534	15%	199,435.94	11%	75,380,722.53	12%

The carbon footprint of the leased vehicle fleet in France increased 11% from 2014 to 2015 but the change was limited to 3 points, given a 14% growth of the fleet over the same period and the average distance driven per vehicle.

In 2015, diesel engines continued to represent the vast majority of the rental fleet. Meanwhile, **alternative engines (electric and hybrid) recorded growth of more than 65% over the 2014-15 period**. They currently represent 2% of the long-term leased vehicle fleet in France.

Energy	2015 fleet	2014 fleet	% Change
Diesel	64,549	57,119	13.0%
Electric	73	27	170.4%
Gas	751	664	13.1%
Natural gas vehicles (NGV)	26	23	13.0%
Hybrid Electric Diesel	349	212	64.6%
Hybrid Electric Gas	556	303	83.5%
TOTAL	66,304	58,348	13.6%

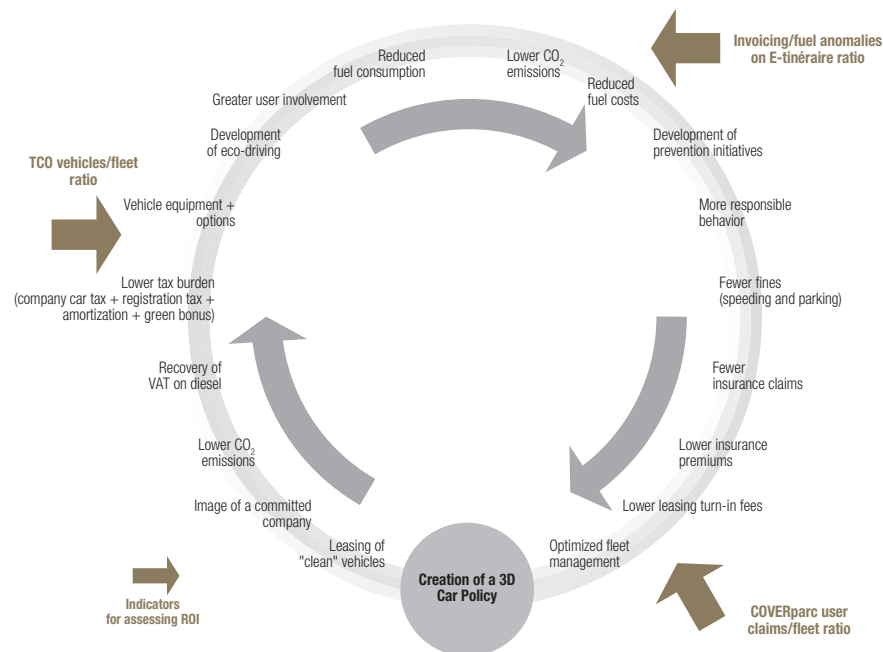


As a service provider in the automotive sector, Parcours strives to meet its customers' needs and assists them with their internal sustainable development programs. The company includes a sustainability strategy in its long-term leasing services and provides support to its customers in implementing it.

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 very strict, and Parcours repair shops comply with them.

In 2015, 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

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

A plan to group the service providers together is currently in progress to establish uniform procedures and related treatment indicators.

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

Water consumption and supply based on local constraints

Consumption of raw materials and measures taken to use them more efficiently

Consumption of energy, measures taken to improve energy efficiency, and use of renewable energy

As part of our 3D network growth strategy initiated in 2012, 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;
- comfortable natural and artificial lighting;
- integrating charging stations for electric vehicles.

Land use

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.

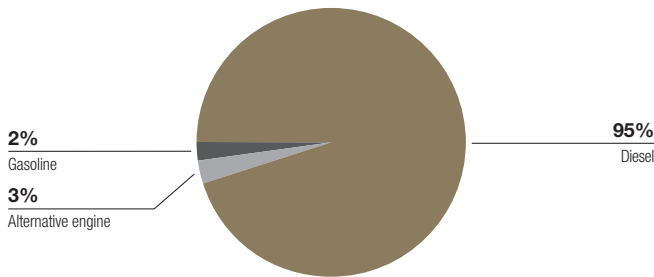
Greenhouse gas emissions

Measures taken to adapt to the effects of climate change

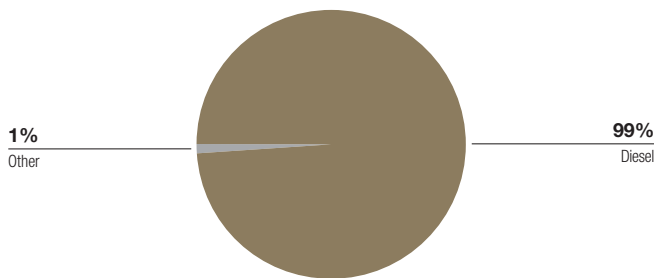
Parcours helps to reduce greenhouse gas emissions by promoting, through its client car policy recommendations, the use of vehicles that emit less CO₂ and consume less fuel.

Of the 21,568 vehicles delivered under long-term lease agreements in 2015 (up 18% over 2014), **the average CO₂ rate fell 3%, from 120 g to 116 g**. The benefit was 5% taking into account the average CO₂ rate per passenger vehicle put into service.

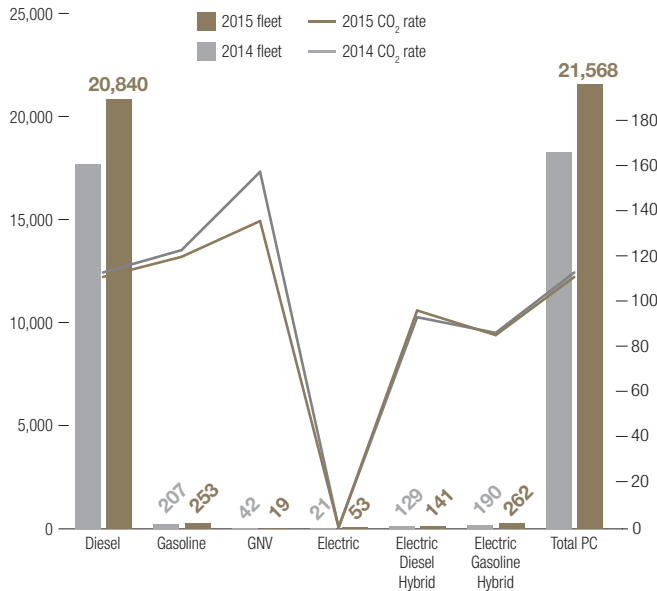
This difference is due in part to the introduction of more alternative engines (electrics and hybrids) and the reduction in average emissions from diesel engine vehicles.



Breakdown of passenger vehicles by engine type (2015)



Breakdown of passenger and commercial vehicles leased in 2015 by engine type, including average CO₂ rate by segment



Breakdown of passenger and commercial vehicles leased in 2015 by engine type, including average CO₂ rate by segment.

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

Initiatives taken in 2015:

- organization of “Electric Conference” days in partnership with manufacturers;
- expansion 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 Parours. This initiative allows new severity and prevention indicators to be created, so our clients can better understand the action plans to implement to reduce their loss experience;
- development of a cell phone app called COVERparc that can educate drivers.

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

Parours 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.

Partnership or sponsorship initiatives

In 2015, Parcours sponsored three athletes competing in golf and motor racing.

3.2.5.12 Subcontractors and suppliers

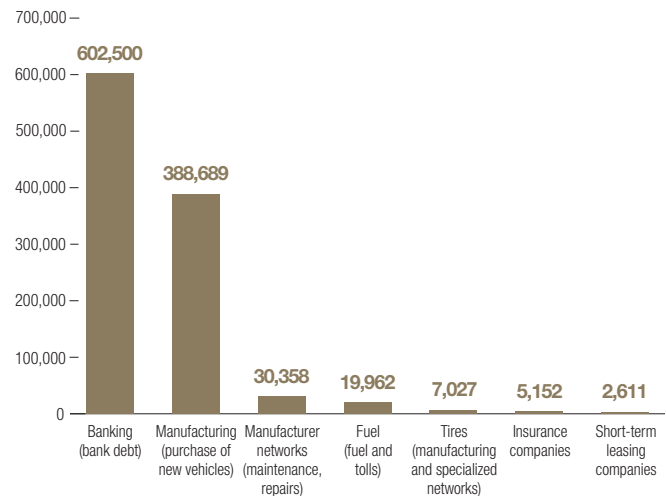
Integration of social and environmental issues in the company's purchasing policies (see 3.2.5.10 "Vehicles purchased and leased in 2015")

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, on the one hand, with the banking industry 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 social responsibility (CSR). 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 2015 (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 2015 to include other categories of purchases. This project will continue in 2016 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, Mercedes, etc.) to organize events presenting technological advances (in engines and/or equipment) and helping users to see the benefits for them and the environment.

In 2015, Parcour's Group launched the publication of a mobile app, "COVERparc" for its insured customers in order to facilitate payment of covered accidents, enable the collection of more detailed information about the circumstances of the claim, and to facilitate access to safety training.

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, Luxembourg and Portugal);
- health and safety (work injury) data in 2015 cover France only;
- environmental impact is measured in terms of the long-term lease 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 in France (90% of the group's total fleet managed), 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 in France (90% of the group's total fleet managed), 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 the Parcour's Group on the last calendar day of the month.

Hires & departures

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

Absentee rate

The absentee rate is reported for France only. It is calculated by dividing the number of calendar days of absence by the number of theoretical calendar days worked. 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 2015

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 2015, 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 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company and its portfolio companies (hereafter referred to as the "Criteria"), and of which a summary is included in the management report in the methodological notes and available on request at the respective companies' headquarters.

Independence and quality control

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

Responsibility of the independent verifier

It is our role, based on our work:

- to attest whether the required CSR Information is present in the management report or, in the case of its omission, that an appropriate explanation has been provided, in accordance with the

third paragraph of R. 225-105 of the French Commercial code (*Code de commerce*) (Attestation of presence of CSR Information);

- to express a limited assurance conclusion, that the CSR Information, overall, is fairly presented, in all material aspects, in according with the Criteria;

Our verification work was undertaken by a team of nine between September 2015 and the date of signature of our report 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 explanations were provided in accordance with the provisions in Article R. 225-105-1, paragraph 3, of the French Commercial code (*Code de commerce*).

We verified that the CSR information covers the consolidated perimeter, namely the entity and its subsidiaries, as aligned with the meaning of the Article L.233-1 and the entities which it controls, as aligned with the meaning of the Article L.233-3 of the French Commercial code (*Code de commerce*), hereafter "the portfolio companies"⁽²⁾, with the limitations specified in the Methodological Notes of the company and portfolio companies in chapter 3 of the management report, notably:

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

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

- 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.

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, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

For the CSR Information which we considered the most important⁽³⁾:

- At the level of the company and of its portfolio companies, we consulted documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions, etc.), we implemented analytical procedures on the quantitative information and verified, on a test basis, the calculations and the compilation of the information, and also verified their coherence and consistency with the other information presented in the management report ;
- At the level of the representative selection of entities that we selected⁽⁴⁾, based on their activity, their contribution to the

indicators of the company and if 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 Cromology group, 43,5 % of the total number of employees and on average 39 % of the quantitative environmental information tested;
- For the Stahl group, 21 % of the total number of employees and on average 25 % of the quantitative environmental information tested;
- For the Parcours group, 92 % of the total number of employees and on average 90 % of the quantitative environmental information tested;
- For the Mecatherm group, 67 % of the total number of employees and on average 79 % of the quantitative environmental information tested;
- For the Constantia Flexibles group, 21 % of the total number of employees and on average 29 % 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.

(3) The most important CSR information is appended to this report.

(4) For the Cromology group, we selected the industrial sites of Wormhout (France) and Porcari (Italy). For the Stahl group, we selected the industrial site of Waalwijk (Netherlands) and Leinfelden (Germany). For the Mecatherm group, we selected the site of Barembach (France). For Parcours group, we selected the agencies located in France. For Constantia Flexibles group, we selected the industrial sites of C. Teich (Austria), C. Patz (Austria) and Haendler and Natermann (Germany).

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 comments:
 - The management report states that for the absenteeism rate and the number of training days, the reporting scope currently covers only France, pending a homogenous method for data calculation at Group level;
 - As mentioned in the management report, environmental information regarding CO2 emissions related to Group business travels have been published based on a limited scope, pending their calculation for all offices of more than 50 employees;
 - As mentioned in the management report, environmental information regarding energy consumption covers a scope equal to 63% of laboratory employees in 2015, pending their calculation for all laboratories with more than 25 employees.
- The Information published by Parcours group call for the following comment:
 - The total quantity of hazardous and non hazardous waste has not been published yet, awaiting an homogeneous calculation at Group level.
- The Information published by Constantia Flexibles group call for the following comment:
 - The absenteeism rate and the number of training hours have not been published yet, awaiting an homogeneous calculation at Group level.
- The Information published by Stahl group call for the following comment:
 - The number of training hours has not been published yet, awaiting an homogeneous calculation at Group level.

Paris-La Défense, the 30th March 2016

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Eric 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.E. and portfolio companies
Number of hirings and departures	Wendel S.E. and portfolio companies
Absenteeism rate	Wendel S.E., Cromology, Parcours and Mecatherm
Lost Time Injury Frequency Rate	Wendel S.E. and portfolio companies
Severity rate	Wendel S.E. and portfolio companies
Total number of training hours	Wendel S.E., Cromology, Parcours and Mecatherm
Total number of disabled employees	Wendel S.E., Cromology, Stahl, Mecatherm and Constantia Flexibles

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

Quantitative environmental information	Involved companies
Number of ISO 14001-certified sites	Cromology
Air emissions (VOC, SOx and NOx)	Cromology
CO2 emissions	Cromology, Parcours, Stahl and Constantia Flexibles
Total amount of hazardous and non-hazardous waste	Cromology, Mecatherm, Stahl and Constantia Flexibles
Total water consumption	Cromology, Mecatherm, Stahl and Constantia Flexibles
Total energy consumption	Cromology, Mecatherm, Stahl and Constantia Flexibles

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

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