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including the annual financial report



LONG-TERM INVESTOR



W E N D E L

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 (CSR) drives growth for companies. Through its long-term action, Wendel encourages its companies to implement Corporate Social

Responsibility practices. At the same time, it defines its own CSR policy that is adapted to its role of investor and applied by a core team of professionals.

3.1.1 Promoting CSR as part of its role as a long-term investor

Encouraging subsidiaries to integrate CSR

As a shareholder, the Wendel Group is not involved in the operational management of its subsidiaries but does ensure, mainly through close communication with their management teams, that these companies gradually integrate CSR issues in their risk management and growth strategies.

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

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

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

- At the time of acquisition:

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

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

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

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

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

- Wendel's subsidiaries are gradually integrating environmental issues into the design of their products and services. With its solutions, Bureau Veritas helps customers continuously improve their operations in the areas of health and hygiene, safety and the environment. More than 80% of Stahl's products are now solvent-free. Cromology develops innovative products with new functions that are more resistant, and therefore better for the environment from a life-cycle perspective, and meet French "HQE" (High Environmental Quality) standards. Cromology achieved its goal of reducing the volatile organic compounds (VOC) emissions of its products in ten years. Nearly 90% of the paints in its product ranges are now water-based. Saint-Gobain's Corporate Social Responsibility (CSR) policy centers on four commitments: inventing sustainable buildings, limiting environmental impact, encouraging the professional growth of employees, and taking action for local development. Saint-Gobain participates actively in discussions on the energy efficiency of buildings and develops eco-innovative solutions to reduce the environmental impact of products used in construction, by considering their whole life cycle, in new buildings as well as renovations. Saint-Gobain was also an official partner for the 21st Conference of the Parties of the United Nations Framework Convention on Climate Change (COP 21), which resulted in a new international climate agreement applicable to all countries, with the goal of keeping global warming well below 1.5°C. Through this partnership, Saint-Gobain reiterated its commitment to environmental protection and affirmed its intention to become the leader in sustainable building. Moreover, Saint-Gobain is among the 100 Carbon Pricing "Champions of Caring for Climate", the Global Pact initiative that brings together companies ready to commit to internal carbon pricing verification.
- Every Group subsidiary and associated company is expected to develop a CSR policy addressing its specific issues. Group companies operate in very different fields (see section 1.7 "Subsidiaries and associated companies") and are at different stages of maturity in implementing dedicated CSR policies and indicators. Wendel therefore considers that it would not be useful to produce consolidated CSR indicators to the extent that these figures would have no operational meaning.

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

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

Preventing market abuse and monitoring internal control procedures at its subsidiaries

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

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

The questionnaire is based on the reference framework of the Autorité des marchés financiers (AMF) and mainly deals with the following areas:

- definition and formal communication of delegations of power;
- regular reviews of how duties are separated and how the organization enables each individual's responsibilities to be identified and conflicts to be resolved;
- verification by subsidiaries that the variable compensation policy for its senior executives does not increase the risk of fraudulent conduct;
- and the implementation of a code of conduct or ethics to deal with conflicts of interest, irregular or fraudulent payments, competition barriers and insider trading (see section 2.3).

Wendel's compliance program

Wendel's compliance program comprises Wendel's Code of Ethics, adopted by the Executive Board in 2015, and specific policies dealing with essential topics in the code. This code contains the values of the Company's employees and supplies the frame of reference for Wendel's role as a long-term investor. It applies to all employees and executives of the Company, its holding companies and all of its offices. Wendel requests that the companies in which it invests adopt similar standards.

Wendel ensures that its activities comply with all laws and regulations regarding anti-money laundering, economic-sanction programs and related tax obligations, preventing corruption and competition law. In January 2016, the majority of employees at Wendel's various locations participated in a special compliance training session. This training session was organized by the General Secretariat at the request of the Executive Board. In addition, more targeted training programs (e-learning) on the policies described above are offered to Wendel's employees.

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

Wendel strives to communicate information that is accurate, precise and fairly presented to investors, shareholders and analysts; it also upholds the principle of equality of information. Wendel is in

compliance with the new rules of the European regulation on market abuses.

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

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

In February 2016, Wendel prepared its anti-corruption policy. Wendel is in the process of implementing the measures required by the Sapin 2 law regarding transparency, anti-corruption and modernization of the economy. The anti-corruption provisions will be applicable as of June 1, 2017.

In February 2017, Wendel prepared its policy concerning international sanctions.

These policies apply to members of the Executive Board, employees and any temporary workers, in France as well as abroad.

These policies are intended to heighten the awareness of Wendel's employees and help them to manage and identify legal, financial and reputational risks. As a professional investor, Wendel strives to ensure that the portfolio companies implement compliance policies adapted to their business and their risks.

These policies have been distributed to all employees of Wendel SE, its holding companies, and its international offices.

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

3.1.2 Implementing a CSR strategy adapted to a small team of investment professionals

Wendel's human resources policy

Small, experienced and diversified workforce

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

As of December 31, 2016, Wendel and its holding companies employed a total of 98 people.

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

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

The number of employees outside France has more than quadrupled (from 10 to 46 persons) in the four years between December 31, 2012 and December 31, 2016, through local recruitment and the transfer of 10 employees from France.

Wendel's teams in France

Wendel has 52 employees in France. In addition to the investment team and the senior management team, about 10 experts specializing in finance, law, taxation and communication work on investment transactions on a day-to-day basis.

The remaining staff in the Finance, Legal, General Secretariat, Tax, Communication and Sustainable Development, and Operational Resources departments support Wendel's offices in France and abroad.

Employees with a permanent employment contract* in France: staff numbers and changes	12/31/2016			12/31/2015			12/31/2014		
	Non-management	Management	Total	Non-management	Management	Total	Non-management	Management	Total
Total workforce	9	46	55	9	55	64	13	52	65
of whom Women	5	24	29	5	27	32	8	24	32
Men	4	22	26	4	28	32	5	28	33
New hires	-	3	3	-	2	2	-	4	4
of whom Women	-	1	1	-	1	1	-	4	4
Men	-	2	2	-	1	1	-	-	-
Departures	-	12	12	-	3	3	-	1	1
of whom Women	-	4	4	-	1	1	-	-	-
Men	-	8	8	-	2	2	-	1	1

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

In 2016, Wendel employed two people on fixed-term contracts for four months, and two temporary employees to manage a temporary increase in business and replace an absent staff member.

Wendel has one disabled employee and has supply contracts with work centers that employ disabled persons. The mandatory contribution paid to AGEFIPH, an organization that promotes the employment of people with disabilities, was €7.2 thousand in 2016.

Wendel's teams abroad

The holding companies and offices outside of France are located in seven countries and have 46 employees, more than two-thirds of whom are in the investment teams. The rest of the teams work primarily in financial and legal activities at the holding companies in Luxembourg and the Netherlands.

Employees with an employment contract abroad*: staff numbers and changes	12/31/2016	12/31/2015	12/31/2014
Total workforce	46	29	21
of whom Women	19	12	8
Men	27	17	13
New hires	20	11	4
of whom Women	9	6	1
Men	11	5	3
Departures	3	3	3
of whom Women	2	2	1
Men	1	1	2

* Employees with an employment contract abroad, including three management-level expatriates already included in employees in France (employment contract in France suspended).

Organization of working time

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

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

Absences, excluding leave for family events, increased slightly to around 2.5%. In 2016, there was one work-related accident (during work/home commute) without lost time.

Training and professional development

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

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

In France, 29 employees completed at least one training course in 2016, for a total of 530 hours of training. The courses mainly addressed foreign languages, specific business functions or, to a lesser extent, office software and safety.

Labor relations and working conditions

Working conditions and relationships are improved by offering support to managers, holding regular meetings with the staff and maintaining close dialogue with staff representatives on the Works Council (CE) and the Health, Safety and Working Conditions Committee (CHSCT). In this way, Wendel can implement the measures that most closely match staff expectations.

To help employees better reconcile their professional and family responsibilities, since 2010 Wendel has offered to obtain and finance daycare services for the children of employees who request them. In 2016, Wendel financed daycare for eight children, for the benefit of six employees.

Finally, in addition to the share of the Works Council budget allocated to social and cultural activities, Wendel covers the cost of a range of services, including meals in the intercompany cafeteria, exercise classes and payment vouchers for home services.

Diversity and equal treatment

Wendel takes steps to ensure that decisions regarding recruitment, career development (training and job promotions) and compensation are made without discrimination. Job applicants are assessed only with regard to their skills and experience. Variable compensation for employees is based on their performance during their presence at the Company.

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

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

Promoting and applying the ILO's fundamental conventions

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

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

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

Compensation policy in line with Wendel's interests

Wendel's compensation policy aims to align the interests of employees with those of shareholders, whether through variable pay, collective performance bonuses (in France) or employee share ownership.

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

For France, total compensation (base salary, variable pay and individual, job-related bonuses) paid in respect of 2016 was approximately €11.2 million. This amount was a 7.2% decrease compared with 2015, due in particular to the international relocation of five employees.

Wendel has also had a collective performance bonus in place since 2006. The performance criteria established in 2015 were met in 2016. A performance bonus will therefore be paid for 2016. Lastly, Wendel offers comprehensive health, life and income protection insurances to its employees and their families, financed largely by the Company.

Promoting employee shareholding

Wendel believes that employee share ownership is essential for establishing a long-term partnership with employees and has always encouraged it, whether through the Group savings plan that has been in place for more than 30 years or grants of performance shares or stock options, which most employees have received since 2007.

Grant of stock options and performance shares

In addition to the two Executive Board members, 82 employees in France and abroad received stock options and performance shares by virtue of the authorization granted at the Shareholders' Meeting of June 1, 2016 and the Executive Board's decision on July 7, 2016.

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

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

The following table indicates, for the period from January 1 to December 31, 2016:

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

	Number of options	Weighted average exercise price
Options granted during the year to the ten Group employees who were granted the largest number of options	51,600	€94.38
Options exercised during the year by the ten employees who exercised the most options	102,291	€67.18 ⁽¹⁾

(1) In 2016, these options were exercised at €90.14 (W1 3-3 plan), €67.50 (W1-2 plan), €22.58 (W2-1 plan), €44.32 (W3 plan), €80.91 (W4 plan), €54.93 (W5 plan) and €82.90 (W6 plan).

The total number of performance shares awarded during the year to the ten employees in the Group, excluding corporate officers, who received the largest number of such shares was 41,550.

Capital increases through the Group savings plan

For more than 30 years, Wendel has invited employees to subscribe each year to a capital increase through the Group savings plan. Shares are offered at a 20% discount and employee payments can be matched up to legal limits.

As of December 31, 2016, former and current employees (excluding corporate officers) held 0.67% of the capital of Wendel via the Group savings plan.

In July 2016, the Executive Board decided to carry out a capital increase. Ninety-five percent of eligible employees subscribed and were allocated a total of 18,486 shares.

Offering additional pension benefits

"Perco" pension plan

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

As of December 31, 2016, more than 36% of employees had invested in the pension plan.

Supplementary pension plan

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

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

As of December 31, 2016, there were 40 retirees and eight employees of the Company who benefited from the plan.

3.1.3 A limited environmental footprint

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

Energy savings

In the past five years, Wendel has made several investments to reduce its energy consumption:

- replacing all of its IT servers with more energy-efficient models;
- renovating its district heating system (distributing high-pressure steam), making the Company more environment-friendly;

- creating two video conference rooms and providing mobile work tools to reduce travel;
- gradually replacing traditional light bulbs with energy-saving bulbs to increase the energy efficiency of its head office.

Wendel also promotes the electronic distribution of its publications.

Waste sorting

Wendel has had a waste sorting policy since July 2011. A special training course has raised awareness among all head office employees. All paper consumed by Wendel employees is now collected for recycling. Plastics, ink cartridges, cartons and metal packaging are also included in the recycling program. In 2016, Wendel continued to pursue its waste sorting policy at the Company restaurant located on Wendel's premises and operated by an external service provider.

3.1.4 Commitment to the wider community

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

- Wendel has supported Insead since 1996. In that year, the prestigious business school created a chair and then a center for family-owned businesses, and Wendel has been a partner in this initiative from the start. Beginning in 2017, and for the second consecutive year, Insead was ranked #1 "Global MBA program" by the Financial Times. Insead is the first school with a one-year MBA program to take the top spot in the history of the Financial Times rankings.
- Wendel's management visits France's elite graduate schools on a regular basis to explain the Company's businesses. Its presentations, designed to educate students about Wendel's long-term investing model, help to recruit top talents as well. Wendel also contributes to the publications of these *grandes écoles*: ENA, HEC, Sciences Po, and Polytechnique.
- In addition, Wendel has been committed to the Centre Pompidou-Metz since its creation in 2010, because it wanted to support this emblematic institution that makes art available to the general public. In 2016, Wendel renewed its support of Centre Pompidou-Metz for five more years.

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

Owing to its long-standing commitment to the arts, the French Minister of Culture awarded Wendel the title of Grand Mécène de la Culture ("Grand patron of the arts") on March 23, 2012.

In addition, in March 2016, Wendel supported a team of 12 employees who took part in the Paris Half-Marathon.

Wendel is also committed to humanitarian aid with AMREF Flying Doctors

In 2016, Wendel joined Africa Angels, a circle of major donors to AMREF Flying Doctors France. Helping 12 million people each year, AMREF Flying Doctors is today's leading public healthcare NGO in Africa. Its primary role is to train healthcare professionals and implement innovative programs for providing isolated communities with healthcare. Wendel is proud to support this

organization, which runs over 150 programs in around 30 African countries, covering the remotest environments, and prioritizing women and children so as to promote sustainable change in healthcare.

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

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

Wendel's Shareholders Advisory Committee was created in 2009. Its nine members met three times in 2016. The committee's role is to obtain feedback from individual shareholders on the media used specifically to communicate with them: letters to shareholders, the website and the management report. One new member joined the committee in 2016.

Wendel participated in the Actionaria trade show in 2016.

- Wendel keeps the financial community (analysts, institutional investors and individual shareholders) regularly informed of its earnings, business activities and strategy. In 2016, Wendel met with more than 230 stock and bond investors during its road shows (in France, United Kingdom, Germany, Switzerland, Italy, Finland, Denmark, United States, Canada, Japan and Singapore) and meetings at its head office;
- As a listed company, Wendel contributes to marketplace discussion by participating in the work of all the major professional and financial market organizations of which it is a member: Afep, Medef, AFIC, Paris Europlace, ANSA (*Association Nationale des Sociétés par Actions*), etc.

In 2016, the individual shareholder space on the Company's website was totally redesigned to make it even easier to access information: letter to shareholders, press releases, registration document, calendar, etc. In addition, Wendel continues to enhance communication with its various audiences by increasing the distribution of information through social media (Twitter and YouTube).

3.2 Wendel's subsidiaries reviewed by an independent verifier

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

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

Bureau Veritas

For Bureau Veritas, Wendel's largest investment, listed on Euronext Paris and included in the Next 20 index (Compartment A, code ISIN FR FR0006174348, stock symbol: BVI), Wendel publishes a summary of information on its social and environmental responsibility. Since Bureau Veritas is also obligated to verify and publish these data, all of the required information is available in its own registration document for 2016.

Bureau Veritas is a world leader in inspection, certification and laboratory testing, and has more than 69,000 employees around the world. Bureau Veritas helps its clients improve their performance by offering innovative services and solutions to ensure that their assets, products, infrastructure and processes meet the standards and regulations related to quality, health, safety, environmental protection and social responsibility.

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

- through the very nature of its work, Bureau Veritas helps its clients to implement their CSR processes. By providing its services to a large number of businesses, organizations, and public authorities on a daily basis, Bureau Veritas contributes to preventing risks, improving quality, and protecting the environment, and in this way, indirectly acts for the benefit of the whole community;

- through its CSR policy, Bureau Veritas is also firmly committed to fulfilling its societal responsibility and develops many initiatives in this regard. Its policy centers around the main issues identified when Bureau Veritas defined a materiality table listing the CSR information that is most important to the group and its stakeholders.

The principal aspects of Bureau Veritas' CSR policy as reflected in the materiality table are governance and operational excellence - human resources and HSE (health, safety and environment) - and social responsibility through programs deployed in its global network. In 2016, Bureau Veritas continued its efforts with regard to workplace safety, operational excellence and relationships with its large customers, and stepped up the development of new initiatives related to innovation and digital transformation, inclusion issues and developing a performance culture.

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

Constantia Flexibles

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

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

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

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

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

Cromology

Cromology is a world player in the decorative paint sector and ranks fourth in the European market. It designs, produces, distributes and sells innovative and high-quality paints in more than 50 countries around the world, with a direct presence in nine of them. With nearly 4,000 employees, 9 research laboratories, 13 production facilities, eight logistics platforms, nearly 400 integrated stores and more than 8,500 partner points of sale (independent distributors and big-box DIY stores), Cromology generates more than €700 million in annual revenues.

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

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

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

Since 2015, Cromology's CSR steering committee has defined and managed the Company's CSR strategy and, in 2016, the committee defined the CSR performance indicators shared by all Group subsidiaries.

Stahl

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

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

Stahl is a model for workplace safety, with an especially low accident frequency rate of less than 0,15⁽¹⁾ for the fourth consecutive year (0.08 in 2016).

CSP Technologies

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

In 2016, CSP Technologies wrote its first CSR report and documented its four fundamental values:

- Delivery;
- Innovation;
- Social;
- Quality and efficiency.

CSP Technologies currently uses operational action plans related to raw materials and energy efficiency.

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

Mecatherm

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

Mecatherm strives, in collaboration with its customers, to make its automatic lines run as smoothly as possible. It aims to make them easier for its operators to use and safer for the maintenance and

cleaning crews. Industrial processes have been implemented that continuously improve the energy efficiency of the lines and reduce raw material losses. Particular attention is paid to food safety and product traceability.

Concerning employees, in 2016, as part of its Well-being, Efficiency and Performance (BEEP) plan, Mecatherm validated and tested a new process for integrating new hires and for developing skills to create loyalty among the Company's employees.

3.2.1 Constantia Flexibles

Introduction

With more than 3,000 customers and roughly 10,000 employees, Constantia Flexibles is a leading provider in the field of flexible packaging. Production takes place in 24 countries at 56 locations. In the future, Constantia Flexibles will offer more support for its customers' international growth and develop its activities in order to evolve from a leading European provider into a company with international stature in the flexible packaging sector. One of the company's special strengths lies in the area of in-house aluminum foil packaging, which has considerable added value.

Due to consistent integration of corporate acquisitions in recent years, Constantia Flexibles has also been able to establish itself globally as a leading packaging manufacturer in the plastics sector. Its large global customers confirm that the plastics sector will be one of the main growth drivers in the coming years, especially in emerging markets. Constantia Flexibles thus covers all bases with a complete range of flexible packaging solutions.

The business model of Constantia Flexibles combines stability and growth. With flexible packaging solutions for the food, pharmaceutical and beverage industries, the company closely aligns itself with the daily needs of consumers, and is therefore independent of economic cycles. Constantia Flexibles offers its customers a comprehensive portfolio of high quality, innovative and flexible packaging made of aluminum, paper, and plastic.

These solutions are designed by the Food, Pharma and Labels divisions.

The Food Division of Constantia Flexibles is a global market leader in a number of product lines, such as confectionery packaging, die-cut lids, and aluminum packaging systems. The Pharma Division is in second position globally in the area of blister-lid foils and cold-form foils. The Labels Division is the global market leader for beer labels and in-mold labels. Constantia Flexibles has thus evolved from a European provider to a globally active Group, whose key businesses are growing, like those of its principal customers.

The core values of Constantia Flexibles are:

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

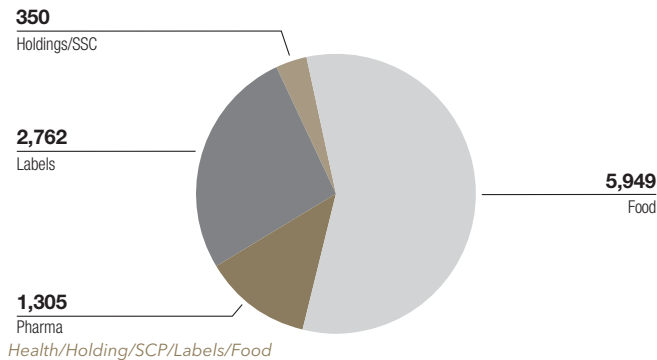
Social

Employment

Employees and employee structure

The number of employees (HC) at the end of fiscal year 2016 was 10,336 with the majority (57%) of employees working in Constantia Flexibles Food division. This equates to an increase of 2,361 employees (HC) compared to 2015, which derived primarily from the acquisitions of Afripack (1,247), Pemara (339) and Oi Hung (250).

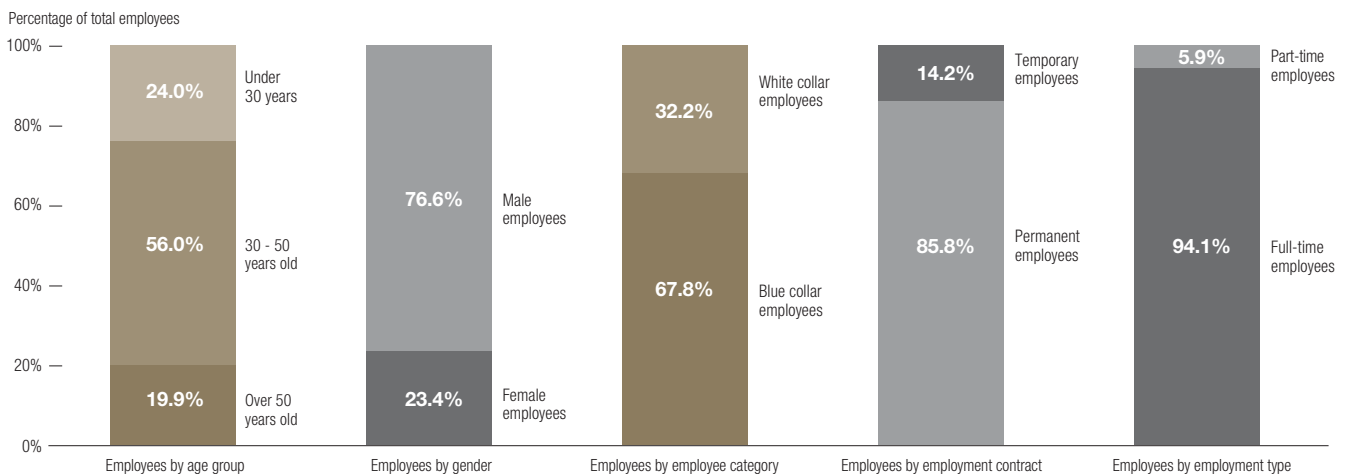
Employees per division



56% of Constantia Flexibles' employees are 30-50 years old. Its workforce is 23.4% female and 76.6% male.

Almost three-quarters of Constantia Flexibles' employees are blue collar employees. 94% of the employees of Constantia Flexibles are full-time employees and 86% have permanent employment contracts.

Employee structure



Breakdown of employees by age group, gender, employee category, employment contract and employment type

Organization of working time

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

Equality

Alongside the development of staff, equal opportunities form an important component of the HR strategy. Constantia Flexibles is made up of people of various origins, cultures, religious affiliations, genders and ages. This results in a range of different ways of thinking and viewing the world, of competencies and experiences, all of which contribute to the lasting competitiveness of the company.

Constantia Flexibles is an equal opportunity employer with all employment decisions made without regard to race, color, religion, sex, sexual orientation, gender identity, age, disability, national origin, and citizenship/immigration status. 2.53% of Constantia Flexibles' workforce at plants are employees with disabilities.

Human rights

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

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

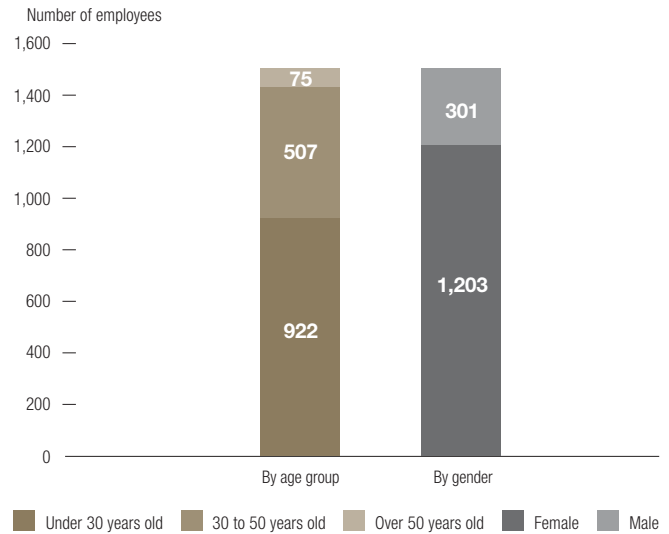
Constantia Flexibles commits to offering employment that is free of any form of violence, harassment and bullying. Constantia Flexibles aims to create, together with its employees, a climate of open communication in which employees can work in an atmosphere that is marked by mutual respect. Such open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

To ensure compliance Constantia Flexibles has established a code of conduct which is available to all employees of Constantia Flexibles at all sites. Additionally, online training courses are provided ensuring awareness among all employees.

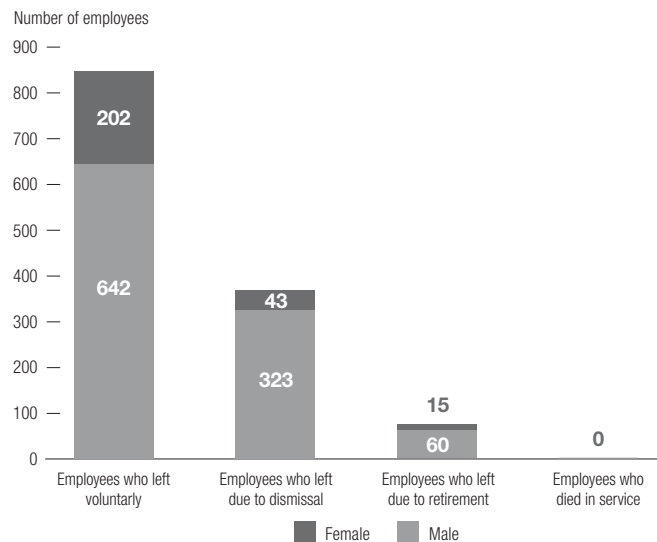
Employee hiring and employee turnover

The diagram below shows the employee turnover and new employee hires by age group and gender. At the same time, the new employee hire rate of 14.5% underlines the continuous growth of Constantia Flexibles.

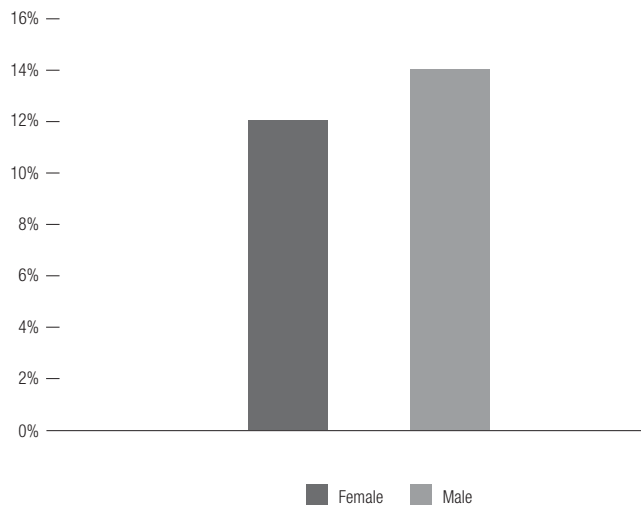
New employee hires by age group and gender



Departures



Turnover by gender



Constantia Flexibles has a new employee hire rate of 14.5% and a turnover rate of 13.6%

Absenteeism

Constantia Flexibles has local procedures at every site measuring absenteeism. Constantia Flexibles is actively working on re-integrating long-term absentees together with workers' representatives, as well as establishing preventative measures to reduce absenteeism.

Compensation

In the majority of sites, Constantia Flexibles is bound to legally-binding collective bargaining agreements set by unions. Over the past several years, Constantia Flexibles has promoted a culture of rewarding strong employee performance. For Constantia

Flexibles' senior management as well as Headquarter employees, the management of compensation is supported by the state-of-the-art "SuccessFactors" solution, a web-based human resources IT system. A step-wise further roll-out of this system for other categories of employees (e.g. for sales force) is planned.

Incentive schemes for the Constantia Flexibles sales force has been rolled out to almost all employees, focusing on the specifics of each division and market. In 2017 it is planned to further increase the individual, qualitative target portion to one-third of the target bonuses to emphasize the entrepreneurial culture of Constantia Flexibles. To emphasize the long-term thinking of Constantia Flexibles, an equity-based, long-term incentive plan has been introduced for selected members of the senior management of Constantia Flexibles. Salaries are reviewed on a regular basis.

Constantia Flexibles strives to be an attractive employer by offering generous monetary and non-monetary social benefits such as canteen and public transportation subsidies, and health and safety related benefits, such as regular company doctor visits and vaccinations. Constantia Flexibles plans to further develop and specify its Management Grading system, with the goal of being in a better position to evaluate the internal fairness of compensation packages with respect to external competitiveness and attractiveness, thereby ensuring that Constantia Flexibles remains an employer of choice.

Plants also report the employee benefits they provide, such as maternity and paternity leave, in accordance with national law and in the context of their Sedex (Supplier of Ethical Data Exchange) membership. Sedex, which represents a major ethical standard for Constantia Flexibles, is a non-profit organization and platform for members who are permanently engaged in improving the criteria for ethical sourcing and procurement along the value chain. Currently 47 plants are registered Sedex members. Leveraging their membership, Constantia Flexibles' plants monitor and assess wages paid against local minimum wages in their respective countries. Almost all Sedex-registered plants have undergone external audits.

Training

As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success. Production employees receive regular health and safety training, as well as technical training.

Over the last five years, investment in people development programs, with a strong focus on senior and middle management development, has been gradually increased.

On the basis of a tailored Constantia Flexibles competency model for senior and middle management as well as professionals, Constantia offers a full array of development activities.

Every year Constantia Flexibles refreshes its portfolio of training programs to support employees in their career development, focusing on communication, efficiency at work and leadership skills. Employees' annual development interviews and succession planning rounds out the portfolio of learning and development activities at the senior management level.

For the levels below management, Constantia Flexibles has been able to firmly establish the Constantia Training Toolbox - first introduced in 2014 - as a standard global training catalog. This provides competency-based training initiatives for Constantia Flexibles' experts and middle managers around the world.

The planned roll-out of "Constantia University", a learning platform accessible to all Constantia Flexibles employees, will further boost the Learning & Development offering for the employees of Constantia Flexibles. Constantia University will also integrate new learning pathways, utilizing online training opportunities, video-based learning material as well as virtual training. The platform is also serving as a launchpad for two major initiatives that started in 2016 and are to be implemented during 2017: the Constantia Flexibles Leadership Academy and the Constantia Flexibles Sales Academy. Over the coming three years, over 300 senior managers, middle managers and sales staff, including Customer Service, Marketing and Product Management, will be trained on the Constantia Leadership and Sales approach. With special initiatives for future talents - the "Learning Journeys" - Constantia Flexibles offers a broad portfolio of programs that will help prepare employees for the targeted profitable growth set by Constantia Flexibles.

Health and safety

In line with its ethical goal of achieving zero accidents, Constantia Flexibles has continued to accelerate the focus on aspects of Health & Safety, as follows:

- in October 2015 a Group Function for HSSE (Health, Safety, Security & Environment) was created, for which alignments relating to functional reporting lines of the divisions and plants were realized for raising efficiency while ensuring cross-divisional information exchange;
- the new Group HSSE Policy, formulated and signed off in 2016, introduces our vision of "Zero Loss - No Harm" to all our assets: people, finance, our reputation and the environment.

Constantia Flexibles understands that creating and maintaining safe and sustainable workplaces is a prerequisite for successfully improving our safety performance and protecting our assets. For example, a Group guideline in terms of technical safety was defined at the corporate level through close collaboration with experts in production technology. The application of these requirements, dealing with additional equipment for fire protection in one of our core production processes, namely printing, was screened by the manufacturing sites and measures were identified that correspond to the technology and status of the machinery in place.

Group HSSE has finalized the analysis of all Lost Time Injuries that occurred in the Group in 2015 and extended the evaluation on a quarterly basis during 2016. Based on the results, lessons learned about these major harmful events are shared by translating the related causes and main issues into specific safety initiatives. All plants can contribute their expertise and experience to the group-wide safety initiatives, which are arranged by the Group HSSE department and then disseminated throughout the organization. The status of implementation is then randomly checked by Group HSSE or divisional management as required to ensure the effectiveness of such actions.

The health and safety figures submitted monthly by most of Constantia Flexibles manufacturing sites in 2016 - as recent acquisitions were under integration in this reporting - are subsequently summarized, verified and checked at the Group level. This report represents the safety performance of each production plant per business division. The monthly report is shared at all organizational levels and as a result is used in monthly meetings at the executive level and divisional calls once a month. According to the requirements of management, certain additional information and graphs have been added to gain a better overview, which can then be used as a basis for their safety-related talks with their direct reports.

- Number of Lost Time Injuries (LTI) per division and month occurred within the last 12 months (graph).
- Lost Time Injury Frequency Rate (LTIFR) per division as well as LTIFR trend chart as per month representing 12 months (graph).
- Graph indicating the number of Lost Time Injuries occurred (YTD) per division compared to the respective Headcount.

An initiative on reporting requirements was started with other Group functions (*i.e.* Quality management, Operational Excellence) during 2016, which identified options for raising the efficiency and effectiveness of combined reporting tools while reducing reporting efforts. During 2017 additional steps will be taken for defining the respective company-wide needs.

Due to the measures taken and the awareness raised regarding Health & Safety, Constantia Flexibles recognized improvements in 2016. However, the company is aware of the need for further enhancements to achieve its goal and to compete with industry averages and benchmarks.

Table 1: LTIFR disclosure

Occupational Health & Safety Data	2015	2016
Lost Time Injury Frequency Rate (LTIFR)	13.7	10.5

2017 Outlook for Health & Safety

The Executive Board of Constantia Flexibles has highlighted the aspects of Health & Safety as important factors contributing to Group strategy, called Focus21. Moreover, the CEO of Constantia Flexibles has decided to bring the department into his team of direct reports as per January 1, 2017.

The gradual implementation of HSSE targets as part of the bonus system is to be rolled out in 2017. The company requires senior management at the group, divisional and plant levels to contribute with a significant part

of their individual targets to Health & Safety achievements. Constantia Flexibles intends to use proactive goals and initiatives to be implemented by each member of the respective target group, because setting targets based on number of LTIs or LTIFR would only lead to "working on numbers" rather than "working on root causes".

Constantia Flexibles provides awareness training to employees and temporary workers (leased personnel at shopfloor) that is the most applicable to their role. Its goal with such training is to raise the awareness and understanding of hazards attached to their work in our production.

Moreover, leadership skills for Safety will be considered as an integral part of the "Executive Leadership Program" starting in mid-2017, at which more than 100 senior leaders will be trained.

Further investment into fire protection and technical safety approved by the Management Board will improve risk levels and contribute to the "Zero Loss - No Harm" goal, while achieving a safe and sustainable work environment.

Environment

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

- awareness of possible environmental risks and how to minimize them by selecting certain product technologies;
- use of more environment-friendly (raw) materials in the product portfolio;
- use of every existing opportunity for a reduction in the impact Constantia Flexibles has on the atmosphere, soil and water as well as the implementation of appropriate measures to lower greenhouse gas emissions and waste; and
- maximum utilization of resource friendly and environmentally friendly technologies alongside the ongoing optimization of material use.

Continual improvements in the consumption of raw materials, which consist primarily of aluminum, polymers, paper, varnishes and inks, constitute a major concern for the company. In times of a steady long-term increase in energy consumption and growing global water shortages, optimizing electricity, natural gas and water use is crucial to success - including economic success. Additionally, the potential environmental impact on the level of product sustainability is quantified through comprehensive investigations (for example by conducting life cycle assessments). In this context, an understanding of the sustainability performance of its raw materials and of its products supports Constantia Flexibles in new developments and in the achievement of its goals.

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

Sustainability and environmental policy

Constantia Flexibles' sustainability policy focuses on its responsibility to the environment and to future generations. Sustainability is a growing science that balances current needs with those of future generations. Constantia Flexibles does not merely react to the demands of customers, who are beginning to take more and more environmental responsibility for their products. The company believes that future financial success is dependent on sustainable corporate practice. It has had its own sustainability department at the group level since 2010, which reflects its dedication to this topic. To further emphasize the importance of sustainability for the company within the new Focus21 strategy, this department will be reporting directly to the CEO from 2017 onwards. To deliver information on environmental protection to

employees, the environmental policy of Constantia Flexibles has been posted on notice boards in every plant.

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

- ISO 14001 (13 sites);
- ISO 50001 (9 sites);
- FSC-CoC (5 sites);
- SEDEX (47 sites).
- founding member of the Aluminium Stewardship Initiative (ASI).

Climate change

Energy consumption

Constantia Flexibles had total energy consumption of 749,857 MWh in 2016. The table below shows energy consumption by source. Natural gas and electricity are the main energy sources accounting for 42.20% and 48.74% of consumption, respectively.

Table 2: Total energy consumption by energy source (not including new acquisitions in 2016)

Energy source	[%]
Natural gas	42.20
LPG	2.32
Diesel	0.60
Heating oil	0.48
Petrol	0.23
Total electricity	48.74
Steam	4.77
Hot water	0.66

Constantia Flexibles works for a continuous improvement related to energy efficiency and a reduction of emissions. Some of the approaches are:

- solvent recovery;
- organic solvent-free technologies;
- heat recovery.

Moreover, several of Constantia Flexibles plants in Europe comply with the ISO 50001 standard and therefore place special emphasis on reducing energy consumption.

Constantia Flexibles is working on encouraging its plants to implement environment-focused initiatives. These programs increase the sustainable performance of the company and contribute to a more efficient use of resources.

In 2016 Constantia Flexibles conducted a total of 79 initiatives with an environmental focus. 46 initiatives intended to reduce energy consumption were implemented, of which 21 resulted in total savings of 9.51 GWh.

Table 3: Overview of number of initiatives and energy saved (not including new acquisitions in 2016)

	Number of initiatives	Number of sites with initiatives	Energy saved due to initiatives
Sustainability initiatives	33	16	9.51 GWh
Initiatives to reduce energy consumption and GHG emissions	46	17	
TOTAL INITIATIVES		79	

Greenhouse gas emissions

Among other tasks relating to corporate sustainability, Constantia Flexibles collects and monitors key data on its internal performance. Since 2005, the company has been measuring its direct and indirect emissions (Scope 1 and Scope 2). It also quantifies the indirect emissions (Scope 3) from upstream and downstream value chain activities (see chapters "Scope 3" and "Methodology"). It measures and reports the emissions according to the internationally recognized Greenhouse Gas Protocol and its Scopes 1, 2 & 3 calculation methodology is verified by an external consultant. The verification review statement indicates that Constantia Flexibles' methodology has a reasonable level of assurance following ISO 14064-3 and represents a high level of assurance according to the CDP reporting principles.

The development of a standardized step-by-step approach has allowed Constantia Flexibles to understand the effects of emissions along its entire value chain of raw materials. This enables the company to concentrate on actual rather than perceived opportunities for reduction.

Constantia Flexibles has set a company-wide goal of a 40% reduction in CO₂ emissions by 2023 (Scopes 1 and 2 emissions produced per square meter, with 2005 as the reference year). Therefore, in the last few years a company-wide integration of all

sites for recording material Scope 3 emission stood at the forefront. In the course of a risk assessment, hot-spots were then identified and analyzed, and projects were initiated for the continuous improvement of sustainability performance across the value chain.

Scopes 1 & 2

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

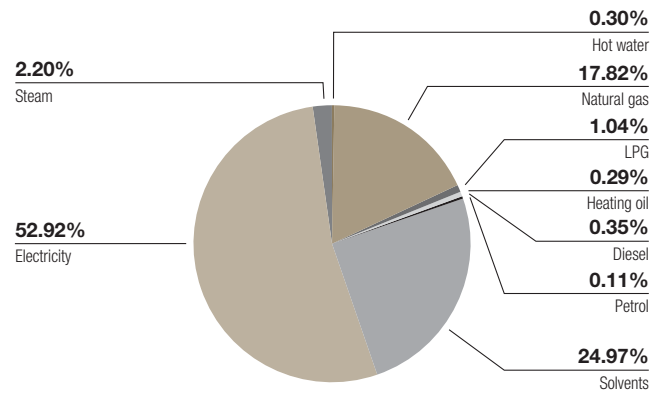
The table below shows the overall Scopes 1 and 2 - CO₂ emissions of Constantia Flexibles for 2015 and 2016 (363.99 kt). In absolute terms it can be observed that Scopes 1 & 2 emissions have increased. This is mainly caused by the new acquisition (12 plants in 2015) on the one hand and the high proportion of fossil fuels in the electricity mix of these sites on the other.

Table 4: CO₂ emissions breakdown by Scope for 2015 and 2016 (not including new acquisitions in 2016)

Unit	Scope 1			Scope 2		
	2015	2016	Variation [%]	2015	2016	Variation [%]
kt equiv. CO ₂	160.99	162.29	0.81	177.16	201.70	13.85

The graph (opposite) indicates Constantia Flexibles' CO₂ emissions by source. It can be observed that more than half of the emissions are the result of electricity consumption (Scope 2). To address these emissions, Constantia Flexibles is in close contact with its electricity suppliers with the aim to increase the share of purchased electricity coming from renewable resources. In 2016, it took the step to switch to green electricity (produced 100% on hydro power) in several plants, covering 16% of the total electricity consumption. Most of the remaining emissions occur due to the solvent and natural gas consumption (24.97% and 17.82% respectively) which are Scope 1 emissions. For this reason Constantia Flexibles is reducing its Scope 1 emissions by using more solvent-free inks and water-based lacquers as well as by feeding solvent gas streams to RTOs (Regenerative Thermal Oxidizers) combined with thermal energy recovery. In addition we have implemented many initiatives aimed at reducing our plants' gas and electricity consumption (see section "Energy consumption").

Breakdown of Scopes 1 & 2 emissions by source (not including new acquisitions in 2016).



Analysis at constant scope

In order to make a comparison of the organic development between the years 2015 and 2016 for CO₂ emissions a "same system boundaries approach" has been chosen and results per output have been recalculated. Therefore the system boundaries were aligned for both years, excluding the new acquisitions and sold plants, to observe the inherent trend of Constantia Flexibles' emissions development.

This approach allows a better understanding of the theoretical trend of KPIs monitored. The results of this recalculation are as follows:

Table 5: CO₂ emissions breakdown by Scope for 2015 and 2016 with aligned system boundaries

Unit	Scope 1/output			Scope 2/output		
	2015	2016	Variation [%]	2015	2016	Variation [%]
t equiv. CO ₂ /million m ²	30.83	29.56	-4.12	33.32	32.61	-2.14

As a result of the organic development of CO₂ emissions, Scopes 1 & 2 emissions per output decreased. This was caused by an absolute decrease in natural gas consumption, resulting from increased energy efficiency, achieved by implementing new technologies and improving the usage of available capacities (e.g. in the regenerative thermal oxidizers). Scope 2 emissions (mainly deriving from the electricity consumption) also decreased due to efficiency measures.

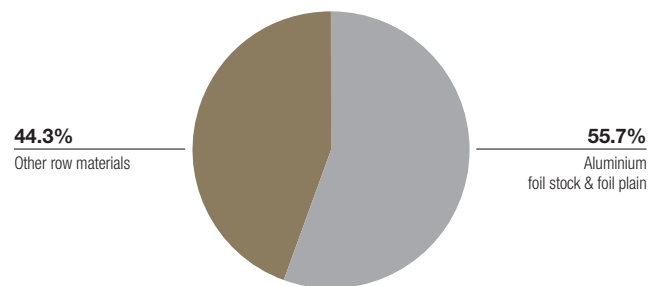
Scope 3

In addition to the assessment of direct and indirect emissions produced by the activities of the Constantia Flexibles Group, the indirect emissions caused by the processes upstream and downstream of the supply chain (Scope 3 emissions) have been evaluated as well, based on a five-year study conducted in our most contributing production site. Following a first analysis on selected Scope 3 emission sources, Constantia Flexibles set up a company-wide evaluation method for significant emissions sources. A re-assessment of previously unselected emission sources was carried out for 2016, and will be finished in 2017.

For Constantia Flexibles, total material Scope 3 emissions are a key factor in terms of achieving its corporate target. Risk assessments allow Constantia Flexibles to identify and analyze hot spots and initiate projects aimed at continuous improvement of its sustainability performance along the value chain. Knowledge of site-specific challenges on the corporate, product and raw material levels helps Constantia Flexibles to tackle similar problems throughout the company.

The graph (opposite) indicates Scope 3 emissions of raw material by source. Most of the emissions (55.7%) derive from the raw material aluminum foil (purchased as foil or foil stock further processed at Constantia Flexibles' rolling mill). Within the other raw materials, which account for 44.3% of the total Scope 3 emissions, the second biggest contributor (after the aluminum) are plastics followed by solvents and paper.

Breakdown of material Scope 3 emissions by raw material source (not including new acquisitions in 2016)



Adaptation to climate change and environmental protection

In 2016 Constantia Flexibles was once again recognized with a strong Carbon Disclosure Project (CDP) climate score rating for its highly transparent climate reporting and climate protection efforts. The company has achieved the "Management Level" in the climate score with regard to its contribution to climate change mitigation, adaptation and transparency. Compared with the industry sector specific average Constantia Flexibles is among the top 11.5% of all companies evaluated by CDP. This confirms and underlines the company's strategy to reduce emissions sustainably, while maintaining the highest standards of transparency when it comes to reporting.

Besides Constantia Flexibles' efforts to reduce greenhouse gases the company tries to minimize emissions and effluents that have adverse effects on humans or the environment. Plants operating in accordance with ISO 14001 (24.5%) conduct assessments of major risk areas where spills and leakage may contaminate air, water and/or soil. Following completion of this assessment, plants have management and external communication plans, compliance controls and a monitoring program in place to prevent and detect those spills and leakage.

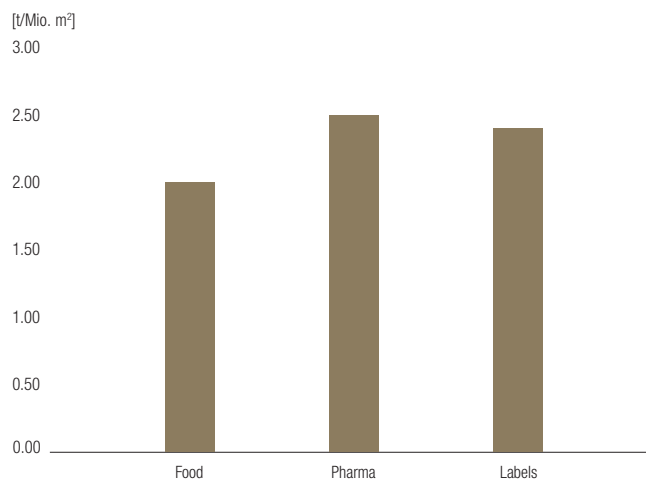
Furthermore Constantia Flexibles assesses the risk and materiality of the impact on biodiversity from land use and activities over which the company has direct management control or significant influence, where applicable. The last assessment was performed in 2015; hence the new acquisitions have not yet been assessed.

Pollution and waste management

Pollution (VOC)

Constantia Flexibles is aware of the environmental impact of VOC emissions, which originate in plants using solvents, during the printing process. In this context, the company has installed Regenerative Thermal Oxidizers (RTO) in several plants to recover heat energy, consequently reducing VOC emissions. More than 50% of the plants own technologies for the recovery of solvents and for the avoidance of solvent emissions. Constantia Flexibles also aims to decrease the overall solvent consumption in several plants by investing in new solvent-free printing technologies.

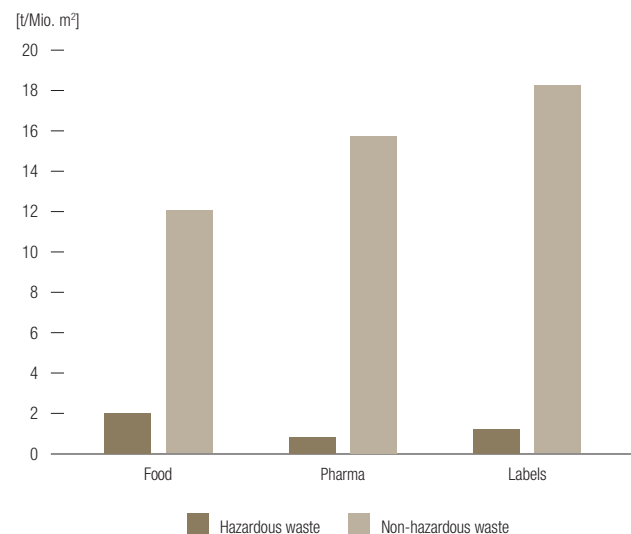
Breakdown of VOC emissions per product output and division (not including new acquisitions in 2016)



Waste management

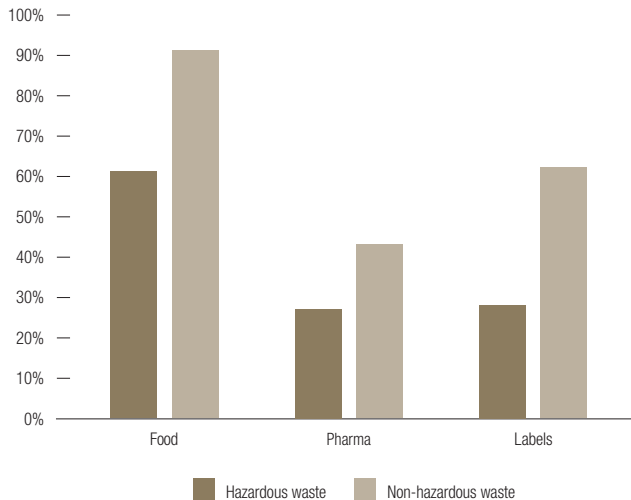
In accordance with waste management plans at the plant level, Constantia Flexibles continuously monitors the achievement of implemented waste targets. The amounts of waste depend on the different technologies and product mixes in the three divisions. The total amount of waste at Constantia Flexibles' sites was 92,173.4 t in 2016. The graph below shows Constantia Flexibles' waste accrual by division and category per output. It can be observed that the amount of non-hazardous waste per output is much higher than the amount of hazardous waste. In the Labels division a higher amount of waste occurred due to the technology used for the production of labels, which generates more matrix waste, while the Pharma and Food divisions produce more reel fed goods and less matrix waste.

Breakdown of product waste by waste type and division (not including new acquisitions in 2016).



In 2016 Constantia Flexibles sent 53% of the hazardous waste and 77% of the non-hazardous waste to recovery channels (recycling, reuse, composting and incineration with energy recovery). The division with the highest percentages is the Food division with 61% of hazardous waste and 92% of non-hazardous waste sent to recovery channels.

Breakdown of waste sent to recovery channels (reused, recycled, composted and incinerated with energy recovery) by waste type and division (not including new acquisitions in 2016)

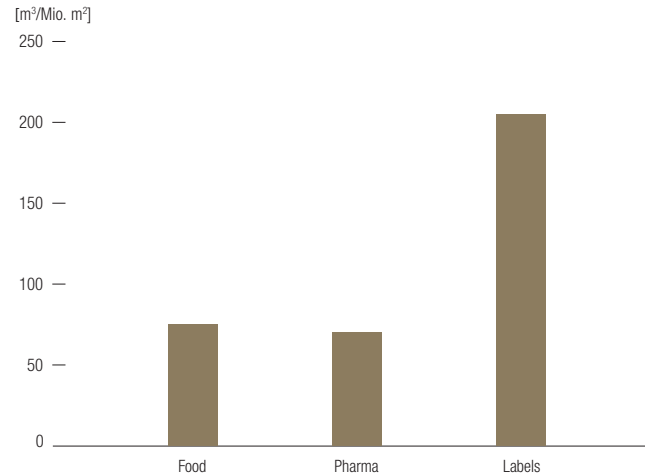


Sustainable use of resources

Water management

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

Breakdown of water input per product output and division (not including new acquisitions in 2016)



The total water consumption in 2016 was 620,856 m³. The graph above indicates the water usage by division. Labels consumes much more water than the other divisions due to its more water-intensive production technology.

Responsible and ethical sourcing

Constantia Flexibles sees collaboration throughout the value chain (e.g. in order to implement responsible sourcing certifications) as an important component of a comprehensive approach to sustainability. Constantia Flexibles is a founding member of initiatives such as the Aluminium Stewardship Initiative (ASI).

The Aluminium Stewardship Initiative was established to promote improvement in sustainability performance and transparency across the entire aluminum value chain. Introduced by several businesses, ASI is a non-profit initiative that aims to mobilize a broad base of value chain participants around implementing responsible business ethics and environmental and social performance practices and around establishing corresponding standards. In 2016, the first draft of the ASI Chain of Custody (CoC) Standard was developed to connect assurance about business practices under the ASI Performance Standard to claims about aluminum and responsible sourcing. By the end of 2017 or the beginning of 2018 (depending on the development of the CoC) Constantia Flexibles expects to see the first certification on ASI performance criteria.

The New Plastics Economy (NPEC) is an ambitious, three-year initiative supported by the Ellen McArthur Foundation to build momentum around a working plastics economy. Applying the principles of the circular economy, it brings together key stakeholders to rethink and redesign the future of plastics and thus create both economic and environmental benefits. Catalyzing change in this global material flow will not only create a more effective plastics system, but will also demonstrate the potential for a wider shift from a linear to a circular economy. As an active member participating in several pioneer projects Constantia Flexibles understands the importance of modern plastic packaging design.

Moreover, as already mentioned in the "Compensation" section and to follow the responsible sourcing policies of its customers, Constantia Flexibles endorses for its sites the ethical standards represented by Sedex (Supplier Ethical Data Exchange). Sedex is a non-profit membership platform dedicated to improving ethical supply standards along the value chain using tools such as standardized information exchange via questionnaires and audits (SMETA = Sedex Members Ethical Trade Audit).

SEDEX focuses on 4 areas:

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

Society

Stakeholder dialog

Constantia Flexibles is conscious of its responsibility toward society and its strategy aims to be engaged in social activities and projects to contribute to a better social environment. In 2016 Constantia Flexibles' plants conducted 46 sponsoring activities and 55 social initiatives. The company places special emphasis on local communities - appropriate conduct for a good neighbor. Therefore 60% of social initiatives were focused on the needs of local communities around Constantia Flexibles sites. Every year projects can be submitted for the Constantia Flexibles Social Award. The best projects are presented in a traditional gala in Vienna. The quality and number of the projects submitted previously reflect the high commitment of the staff with regard to social engagement. Recent examples of social initiatives are:

1. supporting 20 "START" students in Austria. This sustainable initiative operating in several Austrian states aims to support gifted students of immigrant families in their social

involvement within their community to facilitate their integration. www.start-stipendium.at;

2. Constantia Cooking. Since 2009, employees of Rivergate headquarters have been cooking for homeless people at the VinziRast shelter in Vienna every month;
3. Visionaries and Voices, Cincinnati USA. Since 2013, Constantia Spear has been supporting art projects and galleries created by people with disabilities;
4. Project Gift, Blythewood, USA. Since August 2007 Constantia Blythewood and its employees have been active in the local community, providing food to hungry children;
5. Verstraete, Belgium. Every employee at the site received a beach ball. The idea: employees were encouraged to take a photo of their ball while on holiday and then share it on the company's Facebook page. For every photo posted, Verstraete made a donation to an organization fighting leukemia;
6. Project "Muthande Lamontville", Constantia Afripak, South Africa. The company has built a service center for elderly people in Durban. This project took seven years to complete.

Relationship with other stakeholders

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

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

Constantia Flexibles also takes an active interest in current and planned legislation in the field of sustainability. For example, it is engaged in the current European Commission initiative that uses pilot studies on Product Environmental Footprint (PEF) and Organisation Environmental Footprint (OEF). The company is actively involved in the requisite pilot studies and is a member of selected technical secretariats for individual product groups, such as PEF Dairy. Constantia Flexibles is helping to map the entire value chain for the purposes of these studies, allowing the categories of environmental impact put forward by the European Commission to be reviewed and evaluated.

Alongside the monitoring and development of relevant trends with the potential to improve the sustainability of its products on the market and in legislative matters, support for internal stakeholders (such as sales and product management teams) is another of Constantia Flexibles' key endeavors.

In 2016 Constantia Flexibles initiated the process of a comprehensive materiality assessment in accordance with the Global Reporting Initiative (GRI). An internal impact assessment was combined with a broad stakeholder analysis. The results will be used in 2017 for stakeholder integration to complete the materiality assessment.

Business ethics

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

Constantia Flexibles fully recognizes the principles of free and fair competition and commits itself to comply with all relevant antitrust requirements applicable in the respective jurisdictions the group is active. It is in accordance with the business policy of Constantia Flexibles to respect and promote fair and free competition. The company thus pursues a zero-tolerance policy with respect to anti-competitive practices in order to ensure compliance with the relevant competition law provisions. To enable employees themselves to take action, Constantia Flexibles has established a whistleblower hotline, where employees who have concerns about a business situation can seek contact and advice. Furthermore, online training programs on anti-trust and on preventing bribery are provided to employees with external contact.

Innovation

As a globally active group, Constantia Flexibles depends on innovation as a decisive factor for business success. This not only applies to technical and economic issues, but also to ecological aspects.

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

Constantia Flexibles has a sizeable number of patents and patent applications, which clearly indicate its strong competitive technological status. The company has two state-of-the-art Competence Centers for research and development (R&D). The first, the "Competence Center for Aluminium Foil and Foil Laminates", is located at Constantia Flexibles' largest plant, C. Teich in Austria, as is the company's coordination for regulatory affairs unit. In the competence center R & D experts work on the research and development of aluminum, lacquers and co-extrusion coating polymers. The second is the "Competence Center for Polymer Films and Film Laminates" located at the company's second-largest production plant in Weiden, Germany. These two competence centers are aimed at helping product and sales managers. Their focus is on analyzing and testing the composition of the latest film products; on developing new film formulations with Constantia Flexibles' raw material suppliers in order to obtain optimal quality and meet stringent food contact legislation in a transparent way; and on developing mock-ups of in-house innovations for customers to meet long-term customer and consumer trends.

Innovation is at the heart of Constantia Flexibles' strategy. The innovation process is thus driven by product management, to work together closely with its customers and also includes other functions of Constantia Flexibles, such as sustainability and regulatory affairs. Solutions such as bio-based products, reduction in aluminum thickness, solvent free products, labels that detach cleanly from the bottle making it compatible with the recycling process of the bottle, etc. have been successfully developed.

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

product features - of the packaging solutions it provides to customers around the world.

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

Moreover Constantia Flexibles has chosen a new and innovative path by integrating corporate and product sustainability in life cycle assessment. Life cycle assessments at Constantia Flexibles have thus been conducted since 2015, *via* a semi-automated approach, in order to meet the range of inquiries from customers and those which come up in the course of life cycle design more efficiently.

In the process, corporate and raw material data is automatically entered into life cycle assessments models and made available to various internal and external interest groups *via* web-based platforms.

This process is part of its quality assurance and ensures that:

- the procedures and methods for developing the underlying models follow the requirements described in the Standards ISO 14040 and ISO 14044;
- the primary and secondary data used, including their sources (e.g. background data-sets), indicators and assumptions are appropriate; and
- the interactive meta LCA-model functions correctly and delivers comprehensible results.

In 2016, Constantia Flexibles' meta LCA-model went through a critical review by an independent expert.

Consumer health

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

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

Subcontractors and suppliers

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

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

Based on the values described in this code of conduct, Constantia Flexibles strives for a close partnership with its suppliers and subcontractors with the aim of jointly creating added value for all stakeholders (e.g. through B2B and R&D projects).

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

Transparency

Constantia Flexibles acknowledges its social responsibility vis-à-vis society in general, as well as vis-à-vis business partners, shareholders, and employees. Constantia Flexibles shares key environmental data throughout the supply chains and collaborates with selected platforms/projects:

Ecodesk

Every year, Constantia Flexibles reports environmental KPIs to Ecodesk. In doing so, the platform encourages and supports suppliers in the measurement and management of relevant business issues in order to ensure sustained value creation.

Ecovadis

Constantia Flexibles is also a well-rated member of EcoVadis, a company that aims to improve environmental and social practices of companies by leveraging the influence of global supply chains. EcoVadis operates the first collaborative platform providing Supplier Sustainability Ratings for global supply chains. Constantia Flexibles has been evaluated by EcoVadis at the company level and at plant level and has achieved silver and even gold ratings, placing the company among the top performers evaluated by EcoVadis.

Carbon Disclosure Project (CDP)

CDP evaluates strategies, goals, and actual reductions in emissions annually, along with the transparency and verification of reported data. In recognition of both the high degree of transparency in our climate change reporting and our climate protection efforts (see section "Adaptation to climate change"), Constantia Flexibles was awarded a high CDP Climate Score Rating (Management Level).

Methodology

Reporting scope

The reporting scope includes 53 Constantia Flexible sites (12 more than in 2015) that were part of the company in 2016. The acquisitions of 2015 included into the 2016 scope were:

- Food:
 - Afripack Flexibles Mobeni,
 - Afripack Sacks Mobeni,
 - Afripack Flexibles Pinetown,
 - Afripack Sacks Brits,
 - Afripack Standard Labels,
 - (Afripack) Afriflex East Africa,
 - Pouch Dynamics;
- Labels:
 - Pemara Labels (Australia),
 - Pemara Labels (Malaysia),
 - Pemara Labels (Vietnam),
 - Pemara Labels (Indonesia),
 - Afripack Labels (South Africa);

■ Important notes:

- Constantia Flexibles had new acquisitions in 2016 (C. Oai Hung and C. San Prospero), which will fully be taken into the scope of the "Environment" and "Health and Safety" sections from 2017 onwards. C. Oai Hung is already included in the scope of Employment reporting for 2016,
- the headquarter and sales offices were not part of the scope in the "Environment" section, but were included in the "Employment" section,
- the reporting scope of 2016 "Health and Safety" includes 42 production locations of Constantia Flexibles globally, which reflects the same reporting scope as 2015. The acquisitions of 2015 and additionally three offices (including the headquarters) will be incorporated in 2017 (as per January 1).

Social

Employment

The employee turnover rate is calculated by counting employees who left Constantia Flexibles during the year in reference to the delta of employees employed during the year divided by two.

Health and safety

LTIFR is measured by calculating the number of Lost Time Injuries (LTI) resulting in at least one full day lost per 1 million hours worked.

Environment

Energy

The following energy sources are included in total energy consumption: natural gas, LPG, diesel, heating oil, petrol, electricity, steam and hot water.

Fossil fuel consumption is expressed in MWh Higher Heating Value (HHV).

Scopes 1 & 2 & 3

The CO₂ emissions calculation is based on Scope 1, Scope 2 and Scope 3 (category "purchased goods and services" and "fuel-and energy-related activities - not included in Scope 1 or Scope 2") as defined by the Greenhouse Gas Protocol Initiative (Corporate Value Chain Accounting and Reporting Standard).

The standard provides requirements and guidance for companies and other organizations to prepare and publicly report a GHG emissions inventory that includes indirect emissions resulting from value chain activities (*i.e.* Scope 3 emissions).

Analysis at constant scope

For Scope 1 and 2 emissions the following adaptations to the system (boundaries) have been set:

- in 2015 a site was closed which is not included in the recalculation;
- the 11 plants acquired in 2016 are excluded from the recalculation;
- the CO₂ factors used for the calculation of the emissions are different in both years due to a yearly update. For the recalculation the emissions factors of 2016 are used for both years;
- in 2016 two new Scope 1 positions were tracked: GPL emissions and gasoline emissions. For the recalculation these positions are excluded.

VOC Emissions

The evaluation of VOC Emissions is based on the French *Guide d'élaboration d'un plan de gestion des solvants - Révision n° 1* and is calculated as follows:

- VOC total emissions: I1-O5-06-O7-O8

Waste generation and disposal methods

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

- Hazardous waste as defined by national legislation at the point of generation.
- Non-hazardous Waste: All other forms of solid or liquid waste that are not considered as hazardous waste by national legislation at point of generation. Wastewater is not included.
- Waste for recovery: waste handed over to an external contractor who has ensured that the waste was recycled, reused, composted or incinerated with energy recovery.

Water usage

The data on water usage were defined according to GRI and collected in a volume unit.

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

3.2.2 Cromology

3.2.2.1 Commitments for a responsible enterprise

General policy

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

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

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

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

These values are:

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

Cromology's definition for these values can be found at:

<http://www.cromology.com/en/who-we-are/our-values>

Management's commitment

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

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

Such conviction means that we are conscious of our responsibility as decorative paint designer, manufacturer and distributor to

everyone - internal and external - who works for our sustainable and responsible growth.

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

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

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

Gilles Nauche

CEO of Cromology

CSR governance

In 2015, Cromology formed a CSR steering committee. The committee met four times in 2016. It is composed of members from the Marketing, Supply Chain, R&D, HR, QSE and Communications departments, and the manager of an operating subsidiary, who define and manage the group's CSR strategy. During the year, the committee focused on identifying the CSR performance indicators shared by all of its subsidiaries so that they could be incorporated into their three-year strategic plan.

In addition to this centralized CSR effort, each Cromology subsidiary develops its long-term approach, which is led by its CSR manager.

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

For example, Zolpan, one of Cromology's French subsidiaries, has its own CSR approach. Consequently, during 2016, the independent verifier VIGEO conducted an audit of Zolpan's CSR commitments. This follow-up audit allowed Zolpan to maintain the LUCIE certification (the French CSR label) that it has held since 2011. This label demonstrates that Zolpan is serious about its voluntary actions to meet the ISO 26000 international standard.

3.2.2.2 Reporting Methodology

Scope and methods of consolidation

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

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

Responsibilities and verifications

The group's Human Resources department collects and consolidates the HR data, ensures that they are consistent, and validates them. The HR division of each subsidiary is responsible for these data.

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

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

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

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

Reporting methodology

Methodological limitations and uncertainties

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

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

Safety indicators

Lost-time injury frequency rate

The lost-time injury frequency rate (LT1) is the number of accidents involving the loss of one or more days of working time that occur over a 12-month period, per million hours worked⁽¹⁾. It is reported for all subsidiaries in the Cromology Group and includes fixed-term and permanent contract employees, temporary employees and subcontractors.

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

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

Lost-time injury severity rate

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

Environmental indicators

Energy consumption

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

Water consumption & usage

Water consumption includes the consumption of water for production activities, and does not include the water for distribution networks or offices if those items not included in the overall consumption for a site. It is reported for all Cromology subsidiaries.

Waste levels

Quantity of waste generated as a % per kg of products manufactured (this rate does not take into account exceptional waste, such as asbestos disposal from buildings).

(1) Working hours are calculated for Cromology personnel (actual hours or fixed amount, depending on the type of contract) and temporary workers (hours calculated by the temporary work agency). They are estimated for subcontractors (using a fixed amount per subcontractor if no monthly tracking).

VOC Emissions

VOC emissions from fuel combustion are calculated using emission factors determined by the French National Organization for Atmospheric Emissions Inventory Methods (French Ecology Ministry, France, February 2012).

VOC emissions from industrial processes (use of solvents) are the primary components of this indicator.

When a solvent management plan exists, the VOC indicator is calculated according to this plan. When no solvent management plan is available, emissions must be described and estimated compared to other industrial sites and similar types of production.

Social indicators**Total workforce**

The total workforce is the number of employees with a permanent or fixed-term contract on the last calendar day of the month. Employees whose employment contract has been suspended and participants in programs that alternate classroom study with practical work experience are counted among the workforce at the end of the reporting period. Trainees and PhD students are not counted. Workforce data is reported in terms of number of people and not full-time equivalents.

Hires & departures

New hires under permanent contracts and fixed-term contracts made permanent are counted as new hires. Departures relate solely to permanent contracts. Internal transfers are not included in the indicators.

Absentee rate

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

Total hours of training

Hours of training for employees on permanent and fixed-term contracts are reported for all subsidiaries. This figure includes in-house and external training (including e-learning). It does not include the study hours in France for participants in programs that alternate between work and study or time spent in relation to the World Day for Safety.

3.2.2.3 Social initiatives: acting for and with our employees

Cromology has nearly 3,950 employees in 10 countries. Given its manufacturing and, in some countries, distributing activities, Cromology manages a wide range of professions with employees spread across a very large number of geographical locations.

Safety first, Cromology's most important value

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

Several Cromology subsidiaries have achieved this objective for a number of years.

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

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

Every new employee is made aware of the importance of the company's safety culture by their manager when they sign their employment agreement; they also sign and agree to abide by these golden rules.

Each year since 2009, the Cromology world day for safety has provided an opportunity to focus the attention of employees around the world on the need to make safety a habit.

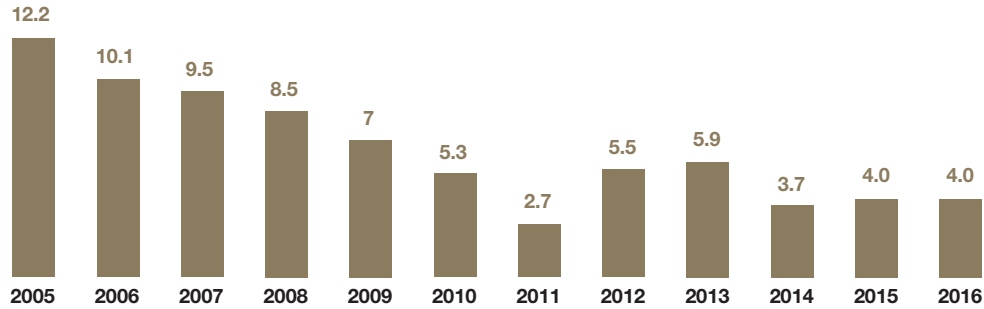
To facilitate the sharing of experiences and promote risk prevention, Cromology has several multilingual communications tools (presentations, posters, videos) that were developed by Cromology to address different types of injuries, depending on the work environment.

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

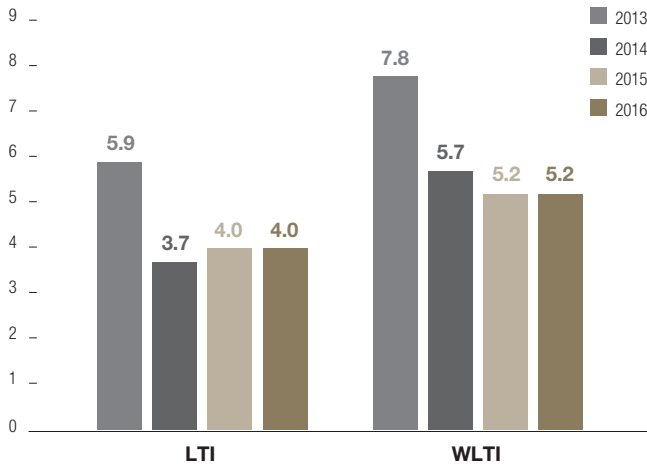
Monitoring results

Over the last 11 years, Cromology's LT1 rate has dropped by two-thirds.

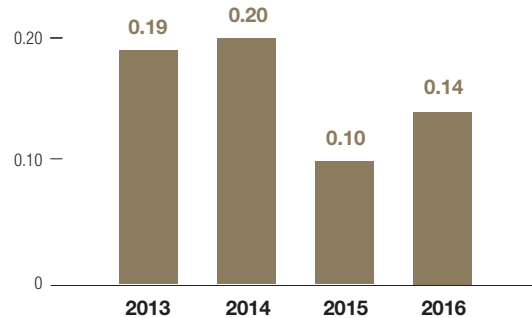
LT1: number of lost-time injuries per million hours worked among employees with permanent or fixed-term contracts, temporary staff and subcontractors.



LT2: number of injuries with or without lost time per million hours worked among employees with permanent or fixed-term contracts, temporary staff and subcontractors.



Severity rate: number of days of working time lost following a work-related accident, per 1,000 hours worked among employees with permanent or fixed-term contracts, temporary staff and subcontractors.



During 2016, the total number of accidents remained unchanged compared to 2015. The safety action plans implemented at Cromology subsidiaries continued to be followed to reduce the number of accidents. The severity rate increased compared to 2015 due to an increase in lost time periods.

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

In 2016, Cromology conducted nearly 4,000 safety inspections throughout its production, logistics and distribution sites.

Targets were set for reporting unsafe situations and near-misses by subsidiary. Employees identified nearly 5,000 unsafe situations and near-misses – twice as many as in 2015.

Cromology's goal is to double the reports of unsafe situations and near-misses in 2017. Each subsidiary has a process for handling these situations so they can quickly respond in each case.

Behavior Based Safety (BBS), already in place at Cromology Italia, with excellent results, is being implemented at Cromology's subsidiaries in Morocco (Arcol), Portugal (Tintas Robbialac) and France (CRI). It involves allocating time to safety where employees evaluate each other in a positive atmosphere and exchange feedback on their behavior, to improve safety in their day-to-day work.

A poster campaign, created by Cromology to regularly remind employees about risky situations and to increase their awareness, has been used throughout the company since December 2016. Twelve "shock" posters, translated for each country, will be circulated every two months until 2018.

Likewise, a new safety awareness video intended for new hires was made available to all subsidiaries in their local language.

In addition, various subsidiaries are taking initiatives to increase prevention:

- Cromology España set up a "Safety House" at its Les Franqueses industrial site. This space is used for safety minute meetings, warm-up sessions before starting work, and all safety awareness meetings;
- at CRI in France, employee warmup sessions have been used at production and logistics sites with very positive feedback:
 - 65% of employees feel that it has a favorable impact on the working environment,
 - 70% report that it is good preparation before starting work.
- CRI also initiated an audit with an external service provider to prevent and reduce work stress. The employee representative bodies and employees were informed about it;
- within its Tollens and Zolpan distribution networks, a standard safety communication board has been installed in each store;
- some subsidiaries recognize the safety prevention initiatives of individuals or groups through, for example, achievement awards or bonuses at Zolpan, and employee recognition via an internal announcement at Colorín;
- in France, to help strengthen the safety culture among its 560 managers, Cromology created an in-house training program for them. This two-day training program, designed by an external service provider, has been conducted since 2015 and extended to 2017.

Incorporating the safety culture into industrial practices

Cromology's industrial sites have been OHSAS 18001 certified since 2015.

Translating Cromology values into actions

In 2016, Cromology Italia launched the "Valori" initiative: a team of seven employees representing the company's various functions developed activities and a training program to promote the values within the company.

The main actions undertaken were to:

- ensure that each value is included and put into practice in the workplace;
- support the values through concrete actions in the various functions of the company.

In 2016, Cromology modified the performance appraisal document (HR1) for top managers so that the annual performance appraisal is also carried out according to the company's seven values (see page 15, "Annual Performance Review").

Human resources organization

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

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

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

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

Salary increases and variable compensation paid to the 100 or so top managers at Cromology are proposed and examined for approval each year, following a centralized procedure. The 100 most important positions in the company are benchmarked using a job factor evaluation system, and their compensation is compared to each local market.

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

- support and apply the commitment to safety made by Cromology and ensure that its organization functions in a way that exemplifies the Cromology culture and values;
- facilitate the development of each individual in an organization to promote the taking of initiatives and responsibility;
- ensure that all of the Human Resources processes defined by the group HR department (for example, the annual appraisal interview, or "HR1") and the procedure for salary evaluations and increases are applied at all levels of the company hierarchy;

- implement measures to increase employee involvement and training plans adapted to the subsidiary's growth strategy;
- promote and implement compensation policies that are consistent with benchmarks in the markets in which the subsidiary operates;
- prevent all forms of discrimination and ensure compliance with labor laws.

Fostering employee engagement

Measuring engagement

In 2016, the three French subsidiaries (CRI, Tollens and Zolpan) once again surveyed the degree of satisfaction and engagement of their 2,500 employees, by participating in the Great Place to Work® employee satisfaction survey.

The average participation rate was 87%. The results were evaluated for each of the subsidiaries' managerial entities, then consolidated by subsidiary, thus defining actions adapted as closely as possible to the employees.

This questionnaire also evaluated how employees view the quality of their work life, which is a prerequisite and essential condition for increasing employee engagement.

Implementing action plans

In France, the analysis of results of this survey will lead to the implementation of action plans for communication, leadership and participative management.

These actions will then be added to the actions already in place as a result of previous surveys.

Cromology España and Tintas Robbialac continued the actions implemented in 2015.

In particular, Tintas Robbialac established 12 working groups, representing 20% of the total workforce, to determine actions for improving the future results of the Great Place to Work® survey.

Cromology Italia took a different approach and selected the "PX.Lab" project as an action to evaluate the social environment and employee expectations. For this project, a team of seven employees, representing various functions at the company, were responsible for gathering requests from their colleagues and considering the best actions to take to meet their expectations.

At the same time, the "Ascoltiamoci" project led to individual meetings between managers and each employee to understand their expectations and anticipate potential problems.

Internal communications

Organization

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

Actions

This department works to strengthen the internal communications tools. Consequently, it took the lead in creating and establishing the company's intranet. The rollout is being completed (nearly 85% of employees had direct access to the intranet at the end of January 2017). It is intended to share best practices and initiatives in the countries where Cromology operates, recent news about the company, the group employee directory and employment opportunities.

The Communications Department also runs meetings with senior managers throughout the year to report on Cromology's development strategy. Besides an annual convention, once a quarter executives from the Management Committees of all subsidiaries take part in a Group Management Meeting via video-conference. The company's targets and results, ongoing projects, and successes are shared. This regular meeting gives subsidiary executives up-to-date information about the company that they can share with their teams.

Local initiatives and time spent on information are continually increasing at the various subsidiaries. For example:

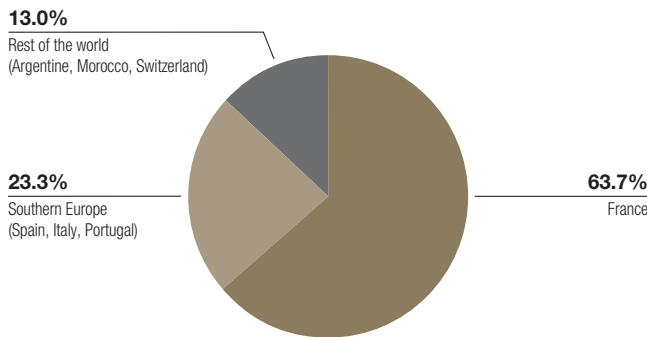
- Tintas Robbialac started a quarterly newsletter and invited all employees to the annual convention;
- the Breakfasts program at Colorín in Argentina has been expanded. Every employee in the company participated in at least one communication meeting with the CEO during the year;
- regular, organized and structured information meetings are increasing at CRI, in the Tollens network, at Vernis Claessens and in Spain, where the Espacios initiative was launched. Every six months, the Executive Committee of this Spanish subsidiary spends a day updating employees, divided into small groups, on the strategy, new product launches, results, etc., thereby encouraging high-quality dialogue;
- to increase employee engagement and sense of belonging, CRI Nord (for its 25-year anniversary) and Cromology Italia organized open-house days for families. In Italy, 620 people participated in this event.

HC

In 2016, the group's total workforce increased by 1.4%, due primarily to two acquisitions in Switzerland and France. More than 80 employees were thus integrated into the company.

The territorial system of the two French distribution networks was expanded with the opening of ten sales points for Zolpan and three for Tollens, and four sales points acquired from independent distributors. This workforce growth was partially offset by several sales point closings in France (in the Couleurs de Tollens network) and in Italy, and post-acquisition workforce adjustments in Switzerland.

Breakdown of staff by geographic region



Absenteeism

The absentee rate has been reduced, from 3.2% to 3%. Beginning in 2016, absenteeism will be calculated including fixed term contracts; previously it was only calculated for permanent contracts.

The proactive policy Colorín has followed for several years is noteworthy. In three years, the absentee rate dropped from 6.2% to 3.6%. By comparison, the average absentee rate for the industry is 7% in Argentina.

CRI has also seen a decline in its absentee rate for two years. Short-term absenteeism is only 1%.

Hiring, training and employee development

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

Hiring and onboarding

In 2016, Cromology hired 351 new employees on permanent work contracts and 87 employees had their fixed-term contracts made permanent.

These new hires present so many opportunities to strengthen the company as a whole with employees skilled in their field, whose engagement supports the group's growth.

Recruitment procedures were strengthened. Candidates systematically meet with several existing employees. In particular, meetings with the executives of the distribution networks are organized for candidates for travelling sales positions.

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

Before resorting to external recruitment, priority is given to employees who have demonstrated their potential for advancement.

In September 2016, Couleurs de Tollens hired 22 new permanent contract employees for its sales points through an onboarding program called Carrefour des Métiers (crossroads of trades). These employees are receiving training one week per month, culminating in July 2017 with the delivery of a professional qualification certificate recognized by the industry. At the end of this period, they will be fully trained in the fields of in-store sales consulting, products and company procedures, and will have a new skills qualification. These employees have been carefully recruited, and only the most motivated candidates were hired. Out of 1,000 persons expressing interest, 100 were interviewed and 22 were hired.

Couleurs de Tollens will continue this process until 2018. Zolpan is preparing to recruit 15 people under permanent contracts.

Procedures to facilitate the onboarding of new hires are becoming widely used.

In France, managers participate in a day of information about the company. The program includes: the group's activities, growth strategy, values and its strong safety culture. The purpose is to promote dialogue between managers (from various subsidiaries and trades) and company executives.

During this day, they also tour an industrial center, a logistics center, and an R&D laboratory.

At CRI in Portugal and Switzerland, a number of initiatives have been instituted, such as information and onboarding programs, welcome documents (welcome package, training courses, visits to stores and/or industrial sites), and even product training programs at Zolpan and Tollens.

Training

Each subsidiary develops its training policy based on the development needs of the company and its staff.

Cromology regularly trains its employees to help them build their skills and employability. Although slightly lower than in 2015, investment in training remains at a very significant and consistent level. In 2016, 78% of company employees participated in at least one training program during the year. The average number of training hours per employee was 17.6 hours per year. For the second consecutive year, external training costs rose by 22%, reflecting the greater sophistication of the training programs that were developed.

Drawing from lessons learned through the 2015 Great Place to Work® survey, Cromology España substantially increased its investment in training with 30% more hours of training, bringing average annual training hours from 15.3 to 20.6 hours.

The founding of the Cromology University was a highlight of 2016. This custom-designed one-week residency program, developed by HEC Paris and led by its faculty, brought 66 managers together for two sessions on HEC's campus. The purpose was to develop a common performance culture based on a shared set of values and competencies. This program focusses on the talents and key persons at Cromology. Instruction in finance and corporate management skills is provided through a business game and business development training over the course of this intense week. 93% of the participants expressed a favorable opinion of this training.

Annual Performance Appraisal (APA)

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

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

The performance evaluation document for Top Managers (HR1) was reviewed during 2016. It is based on both the level of achievement of annual objectives and performance in the position. This performance measurement is taken across the company's seven values and 13 criteria for performance and managerial approach.

The challenges of this review were to develop the understanding and practice of the company's values, to promote the development of a corpus of managerial values and to simplify performance measurement. Each of these 20 criteria is the subject of a collaborative evaluation on a scale of 1 to 4 based on examples and facts. Apart from recognizing skills, the goal is to identify areas of progress and to determine action plans.

Distribution of this updated document to all managers is being considered.

The APA is implemented in all group subsidiaries and is intended to reach all employees. The percentage of managers having completed APAs was 80%.

Succession plan

Each subsidiary reviews its succession plan annually.

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

The group's annual succession plans are driven by the succession planning and *people-review* process, which is increasingly used by the various subsidiaries.

High potentials, key personnel and experts

The Human Resources department manages a process for identifying high potentials, "key" personnel and experts. Based on a set of predefined criteria, each subsidiary has submitted proposals. After discussion with Cromology's management, a list of people to be closely followed is drawn up and regularly updated.

Compensation

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

This compensation policy is based on the following principles:

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

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

The Human Resources departments in each subsidiary conduct periodic benchmark studies to ensure that compensation is consistent with market levels. Each year, Cromology subsidiaries engage in negotiations that enable a significant number of local collective agreements to be adopted regarding compensation or other HR topics (36 agreements in 2016, including 18 specifically for compensation).

In 2016, personnel expense increased by 0.5% compared to 2015, representing 25.5% of Cromology's sales. This increase of more than one point compared to 2015 was due to the decline in revenues even though the company continued to invest in acquisitions and new sales point openings.

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

During 2016, a health care agreement was entered into for all of Arcol's employees, covering them, and their partners and children, for medical transport in the event of illness or accident, and for home medical visits at a negotiated and attractive rate.

Organization of work

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

The HR departments have been very involved in the organization and reorganization efforts: reorganizing the logistics platforms, reducing the number of regions in the French distribution networks, and integrating acquired companies (Switzerland and France).

During 2016, in addition to collective agreements on compensation, 18 local collective agreements were signed in areas related to working time, training, safety, health and diversity.

Diversity

Cromology fights all forms of discrimination through various initiatives.

In France, the Zolpan subsidiary is a signatory to the diversity charter, and belongs to the "1,000 enterprises" association that provides assistance to people experiencing difficulties (contact and assistance, meetings, etc.).

For the handicapped, Cromology has signed agreements in France with adapted employment centers or sheltered workshops. Cromology also notifies specialized organizations for the employment of people with disabilities of the group's available job openings. In November 2016, Tollens and CRI jointly participated in the European handicap awareness week. The purpose was to provide a better understanding that disability and work are not totally incompatible, to help employees who are disabled understand their status to better handle and fight prejudice.

To address at-risk youth, CRI signed a partnership agreement with the "second chance" school in Clichy (France) consisting of a series of initiatives, such as: resumé coaching, job interview exercises, and hosting interns to support youth who have left the school system without qualifications and to encourage them to return to school.

Freedom of association

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

Summary of human resources indicators

Human resources indicators	2014	2015	2016
HC			
Group workforce	3,864	3,893	3,947
of which permanent contracts	3,706	3,744	3,809
of which % of permanent contracts	95.9%	96.2%	96.5%
of which fixed-term contracts	158	149	138
of which % of fixed-term contracts	4.1%	3.8%	3.5%
of whom women	1,079	1,091	1,103
of whom % of women	27.9%	28%	28%
of whom men	2,785	2,802	2,844
of whom % of men	72.1%	72%	72%
New hires in the group	262	337	519 ⁽¹⁾
of whom women	72	106	141
of whom % of women	25.9%	31.5%	27.2%
Departures from the group ⁽²⁾	368	348	466
of whom women	100	99	133
of whom % of women	27.2%	28.4%	28.5%
Breakdown of staff by geographic region			
France ⁽³⁾	64.2%	64.8%	63.7%
Southern Europe (Spain, Italy, Portugal)	23.8%	23.6%	23.3%
Other countries (Argentina, Morocco, Switzerland)	12%	11.5%	13%
Personnel expense as a % of sales	23.9%	24.9%	25.5%
Absenteeism	3.0	3.2	3⁽⁴⁾
Training			
Number of employees having completed at least one training program	2,959	3,163	3,084
% of employees having completed at least one training program	76.5%	81.3%	78.1%
Average number of training hours per employee	15.7	19.1	17.6
External training costs as a % of payroll	0.7%	0.8%	1%
Personal safety⁽⁵⁾			
Number of work injuries with at least one day of lost time	26	29	29
Number of work injuries without lost time	12	9	9
Rate of injuries with lost work time (LT1)	3.7	4.0	4.0
Rate of injuries with or without lost work time (LT2)	5.7	5.2	5.2
Severity rate ⁽⁶⁾	0.20	0.10	0.14
% of industrial sites with OHSAS 18001 certification	83%	100%	100%

(1) Permanent contracts and fixed-term contracts made permanent.

(2) Permanent contracts only.

(3) Includes employees working in Belgium and Luxembourg.

(4) The 2016 value is calculated for employees with permanent and fixed-term contracts, whereas the values in prior years was calculated based on employees with permanent contracts only.

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

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

Environmental initiatives

Respect for the environment is an important aspect of Cromology's culture, which is why the company invested €2.4 million in 2016 to prevent "environment and safety" risks, representing 11% of its total capital expenditure.

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

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

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

Strengthening the environmental management system

Cromology continued its efforts to prevent risks and reinforce environmental management at all of its industrial sites through the gradual achievement of ISO 14001 certification. Seven Cromology sites, representing 47% of its industrial and logistics sites, are now certified to this standard.

Optimizing the use of resources

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

Energy management and improved energy efficiency

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

The company's total energy consumption in 2016 was 197.9 terajoules, up 6% from 2015, while business volume decreased by 2% over the same period. This increase was primarily due to a more severe winter in 2016.

In 2016, diesel fuel used by forklifts (15,000 liters for their combustion engines) at the Arcol site in Morocco was included in energy consumption.

At the San Miniato (Italy) site, electricity consumption was reduced by installing exterior LED lighting and an operator awareness campaign to reduce electricity use.

The rise in energy consumption resulted in increased NO_x and CO₂ emissions of 13% and 12%, respectively, in absolute values. VOC emissions increased by 66%. These increases resulted in new measurements and calculations being performed at the Champagné (France), Casablanca (Morocco) and Les Franquises (Spain) sites.

In Europe, an energy audit in line with European directive 2012/27/UE was performed for the relevant subsidiaries: Italy, Portugal, and the Zolpan and Tollens (France) networks. An action plan will be implemented by subsidiary in 2017.

Water management

The group's total water consumption in 2016 was 155,753 cubic meters, down 2%, while business volume also decreased by 2%. Correlating with our small decrease in water consumption, Chemical Oxygen Demand (COD) fell considerably between 2015 and 2016, from 47.8 to 37.8 metric tons. Total suspended solids (TSS)⁽¹⁾ increased slightly by 3% over the same period.

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

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

A new water treatment facility was also installed at the Casablanca site, which has significantly improved the quality of wastewater discharges.

At La Bridoire (France), a second test of the pilot evaporator/concentrator was conducted to improve the quality of water discharged. The results obtained are being examined, with the eventual goal of eliminating water discharge at the site.

Raw material management

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

The level of waste as a percentage of volume manufactured was 4.3% in 2014, 3.7% in 2015, and 5.8% in 2016.

The increase in 2016 was the result of the reclassification of wastewater at the Resana site to "Waste" because it is collected by an external service provider and treated outside the site. On a constant basis, the level of waste was 3.9% in 2016. The slight increase on a constant basis from 2015 to 2016 was the result of several operations to remove dead inventory in Italy and France. At La Bridoire (France), total waste produced increased by 8.8%, along with an 8.6% increase in production. However, strict waste management resulted in a 71% decrease in the production of hazardous waste.

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

(1) Measurement performed on wastewater discharges from industrial processes

As a color expert, Cromology manages the entire preparation and manufacture of all its colorants for perfect and timeless colors. Consequently, Cromology provides its integrated and partner distribution networks with colorants manufactured in its factories. Cromology has been replacing its rigid plastic packaging with flexible packaging since 2015. This has reduced the volume and weight of this packaging (68 metric tons in 2015 and 2016 combined), and the energy needed to manufacture and transport them. In addition, this type of packaging allows the client to maximize the use of product content, which results in the least product loss (13.6 metric tons in 2015 and 2016 combined).

Limiting the environmental impact

Management and disposal of industrial waste

In 2016, Cromology's industrial activities generated a total of 12,684 metric tons of waste, a 52% increase from 2015, due to the reclassification of wastewater at the Resana site to "Waste" because it is collected by an external service provider and treated outside the site. On a constant basis, the increase was 3.5% compared to 2015. This increase was due to removing dead inventory, as mentioned previously. All of this waste is treated by specialist subcontractors accredited by local authorities.

The weight of waste classified as hazardous, as defined under the European Waste Catalogue, diminished by 9% between 2015 and 2016, a reduction of 24.8% over two years. This reduction was achieved through strict management of waste, including intensified efforts to sort waste.

The La Bridoire and Casablanca plants have been equipped with waste compactors since 2014. The Vémars plant (France) has had a waste compactor since the beginning of 2016. By compacting certain types of waste, such as plastic wrap, some value can be recovered from them.

Noise pollution

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

All of Cromology's industrial sites have been OHSAS 18001-certified since 2015.

Land use

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

Adaptation to the consequences of climate change

Cromology's activities are not directly impacted by the consequences of climate change. Accordingly, the company has not developed a global policy in this area.

Measures to protect and enhance biodiversity

No major, immediate impact from the industrial activities of Cromology has been identified. General efforts to reduce the use of resources and environmental impact also ultimately contribute to protecting biodiversity. Accordingly, the company has not developed an overall policy to protect biodiversity in the areas surrounding its industrial sites.

Estimate of significant sources of Greenhouse Gas Emissions (GGE)

In accordance with Decree 2016-1138 of August 19, 2016, and in application of the energy transition for environmental growth law, Cromology conducted a study to determine its principal sources of greenhouse gas emissions.

The methodology applied is described in the industry guide for performing a greenhouse gas emissions assessment published by the French chemical industry union (UIC) in May 2015. This guide is based on the "Technical Guidance for Calculating Scope 3 Emissions" of the Greenhouse Gas Protocol.

To conduct this study, Cromology drew on the carbon assessments of its Tollens and Zolpan subsidiaries, carried out in 2014 and 2010, respectively. To obtain the emissions factor data, particularly for the paint production portion, Cromology contacted its suppliers with regard to the most relevant raw materials. By default, the Base Carbone database was used.

The study shows that significant sources of greenhouse gas emissions are:

- purchases of raw materials, packaging and services for 80%;
- downstream transport, from logistics centers to points of sale or directly to clients for 12%;
- upstream transport, from manufacturing facilities to logistics centers for 3%.

"Purchases" includes all greenhouse gas emissions from extraction to distribution of raw materials to the product manufacturing facilities.

Summary of environmental and social indicators

Environmental indicators	2014	2015	2016
% ISO 14001-certified industrial sites	44%	44%	47%
Waste produced (% of production volume) ⁽¹⁾	4.3%	3.7%	5.8%
Energy consumption (terajoules)	184.7	186.2	197.9
CO ₂ emissions (metric tons)	3,873	3,718	4,156
NOx emissions (metric tons)	4.18	4.06	4.59
SOx emissions (metric tons)	0.27	0.35	0.87
Water consumption(m ³) ⁽²⁾	157,062	158,504	155,753
Chemical Oxygen Demand (COD) (metric tons)	47.3	47.8	37.8
Suspended solids (metric tons)	26.5	25.3	26.1
Volatile Organic Compound (VOC) emissions (metric tons)	118.9	114.6	190.8

(1) 2016: Inclusion of wastewater at the Resana site reclassified as "Waste" because it is collected by an external service provider and treated outside the site.
(2) Water consumption does not include the water for distribution networks.

Societal initiatives

Cromology's commitment to the community focuses on two actions:

- innovating, to design and offer products and services that are increasingly respectful of the environment and its customers and users: professional painters, retail customers, independent and big box DIY distributors, architects, and public and private builders; and
- strengthening its production and operations in the communities where Cromology is growing its industrial and sales activities.

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

Cromology has an aggressive innovation policy: 26% of its 2016 sales were achieved with products less than three years old.

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

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

Cromology thus continually seeks to reduce the VOC content of its innovations as much as possible, beyond the regulatory requirements of the countries where it operates, while maintaining the highest level of quality and performance possible. New products meeting the most demanding VOC content labels⁽¹⁾

(Ecolabel, TÜV) or VOC emission level⁽²⁾ (A+, TÜV) represented more than 60% of 2016 sales realized for products less than three years old. In France, for example, Tollens and Zolpan launched products under the German TÜV label that limit the VOC rate to less than 1 g/l for interior paint; that is 30 times less than the content limit under European regulation, and ten times less than the content limit for the European Ecolabel.

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

Cromology is a pioneer in exterior thermal insulation (ETI), with 15 million square meters installed since 1975, and is constantly extending its range of external insulation systems (about 5% of its sales) to improve energy efficiency and comfort in buildings. For example, Cromology added the following products to its range:

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

In 2016, more than 50% of Cromology's R&D investments were devoted to product innovation, especially for activities focused on new markets and future regulatory and labelling changes.

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

(2) LVOC emission (µg/m³ of air) is the level of volatile organic compounds emitted into indoor air after the paint has been applied and dried.

Strengthening our presence in the local community

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

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

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

Most of Cromology's production operations are also carried out locally. In 2016, the share of Cromology revenues generated by products sold in the regions where they were produced was more than 95%.

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

Relations with suppliers and subcontractors

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

Cromology's two main purchasing categories are:

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

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

In September 2015, Cromology organized a "supplier's day", with more than 80 representatives from its strategic suppliers of raw materials, packaging and products for resale. This seminar allowed Cromology to solidify relationships with its strategic suppliers over time, to improve their understanding of Cromology's product innovation strategy, in particular its respect for the environment and the well-being of the users of our paints. A second seminar is scheduled for 2017.

Partnership and sponsorship initiatives

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

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

In Morocco, the Arcol subsidiary has run a program to renovate rural schools through skills volunteering and paint donations since 2015. Eighteen schools and more than 5,000 students have benefitted from this initiative and the distribution of school supplies.

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

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

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

Many subsidiaries also promote culture and the arts:

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

Preventing corruption

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

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

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

Commitment to human rights

Cromology refuses to use any child or forced labor.

The Business Conduct Guidelines also refer to the Cromology charter on compliance with laws and regulations on export control and trading with certain countries (entitled: the "Cromology Group Policy

Regarding Compliance with Trade Control Law"). The CEOs of the operational companies have made a commitment to follow procedures certifying that the Cromology Group does not conduct transactions with countries subject to international sanctions. These include countries considered to violate human rights.

3.2.3 Stahl

3.2.3.1 HR - Highly committed to developing employee skills

Employment

As of December 31, 2016, Stahl had 1,851 employees (1,828 FTE⁽¹⁾), an increase of 61 FTEs compared to 2015. Stahl acquired Viswaat Chemicals Ltd. in India in April 2016 and Eagle

Performance Products in the USA in November 2016. In 2014 Stahl acquired the Clariant Leather Services Business.

Breakdown of full-time equivalent employees as of December 31, 2016 by geographic region

Region	2016	2015	2014
EMEA	860	835	811
Asia-Pacific	355	347	339
India and Pakistan	307	287	278
North and South America	306	298	312
TOTAL	1,828⁽¹⁾	1,767	1740

(1) Including Viswaat Chemicals Ltd and Eagle Performance Products.

85% of Stahl's employees are on full-time permanent contracts. Its workforce is 78% male and 22% female, a breakdown unchanged from 2015. Total Full Time Employees (FTE) leaving (dismissals and resignations) during 2016 were 145, and 245 joined in the same period. These ratios are reasonable and in line with the market for the kind of activities and the location in which they take place. The turnover rate in 2016 was 10.6%.

Working Organization

Stahl operates through a complex international organization for historical reasons and also to effectively serve the customer base. Currently it has 11 manufacturing sites, 11 R&D centers, 38 application labs and 31 sales offices. Working practices differ by region. Average working hours are 40 hours per week, with the exception of India and Pakistan where employees work 44 hours. Working hours and incidents are recorded, depending on the site, by either electronic or manual systems. All Stahl units report absenteeism (which includes absences for sickness, commuting and work accidents) as required by local legislation but also in a way that can be reported at the corporate level. The global absentee rate in 2016 was 1.58%, compared to 1.77% in 2015.

Social Relations

Given the international set-up of Stahl and the relatively small dimension of the local units, there are only two local collective bargaining agreements in place. These are negotiated at the local level with direction and supervision from Headquarters. Salary levels and other means of remuneration depend on individual countries. They are also centrally coordinated, to ensure Stahl remains competitive in the respective markets. Some employees, mainly in management and sales, enjoy a bonus scheme based on annual measurable objectives. This bonus scheme is coordinated centrally to ensure proper alignment and consistency with local practices.

Compensation

Total compensation paid in 2016 was €103 million, approximately 2% above 2015.

Training

The nature of Stahl's business requires a focused approach to training. SHE (Safety, Health and Environment) training is the priority. Every new Stahl employee receives SHE instruction in line with their position. This is followed by more specific job-related training to ensure the best use of the information, resources, products and capabilities at their disposal. In the case of Stahl technicians, for example, there is a strong emphasis on training designed to provide practical and innovative technical solutions for customers.

Since 2013, Stahl has offered an international training program intended for management personal related to leadership and management skills. More than 120 middle managers participated in this program between 2013 and 2016. Stahl launched this

program to support its rapid expansion after the acquisition of the Clariant Leather Services division in 2014. From November 2016 to January 2018 another 60 managers will participate in the program. Follow-up master classes are also planned for 2017-2019.

In 2014 Stahl created Stahl Campus®, an educational institute originally designed to promote good practices throughout the leather supply chain via practical and theoretical modular training courses. Founded in Waalwijk (Netherlands), the Stahl Campus® has expanded to Leon (Mexico) and, in 2016, Guangzhou (China). Stahl Campus® training is a service that the company offers to the industry, and is open to any stakeholder in the supply chain, such as OEMs, brands, customers, NGOs, industry associations and university students. This initiative has proven to be a big success and is a key element of Stahl's goal to promote transparency throughout the supply chain. In 2017 Stahl Campus® will expand to include the Performance Coatings division of Stahl, the first step in offering this unique service outside the leather industry.

Equality

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

Stahl tracks the ratio of male/female employees and the percentage of female employees in management positions. In 2016, there were 73 women in management positions, which represent a ratio of 3.9% on total positions, compared to 3.8% in 2015.

The nature of Stahl's business and the need to respect strict security and potentially emergency measures somewhat limit the opportunities for disabled employees. There are currently 16 disabled employees, compared to 19 in 2015.

3.2.3.2 Safety, Health and Environment

Stahl believes that consideration of the impact of its business activities on the Safety, Health and Environment of its customers, employees, agents and the public at large is an integral and essential part of conducting business.

Stahl's SHE policy is to manage all activities without hurting anyone, annoying its neighbors or harming the environment. Driving this policy are the following key principles:

- safety, health and the environment have first priority;
- obey all laws and be a responsible corporate citizen;
- identify hazards and establish appropriate controls for risks, potential adverse environmental impact and regulatory requirements in the invention, manufacture, sale and use of its products;
- provide customer care with all products throughout the supply chain;
- the goal is to eliminate all injuries, occupational illnesses and environmental incidents;
- report and investigate all incidents, then take corrective action and share learning;
- assure that employees and agents have appropriate competence for their roles;
- define SHE requirements in simple, clear terms, communicate them to all employees and secure their involvement;
- report, monitor and audit all aspects of SHE performance to confirm compliance and plan continual improvement;
- celebrate and reward excellence in SHE performance;
- require all employees to accept personal responsibility for their own safety and health and that of their colleagues.

Stahl's SHE organization & reporting

All Local Managers and General Managers are responsible for implementing the Stahl SHE Policy and Principles in areas under their control. This responsibility includes systems for the recognition of hazards, assessment of risks and provision of effective controls. For outpost sites such as application laboratories, technical service centers and warehouse operations the Local Manager or General Manager of the controlling site may delegate this responsibility to the manager at the outpost site. This SHE reporting procedure has been substantially revised; data is being collected and presented in a format that simplifies information collection and interpretation.

Stahl's SHE Campaign: Be Sure, It's Secure!

In 2015 Stahl rolled out an ambitious, two-year worldwide safety awareness campaign with the goal of reducing the number of incidents within the company. This campaign continued in 2016 and consists of 12 eight-week campaign themes linked to the 10 Golden Rules of safety.

SHE campaign themes:

- 1 Behavior
- 2 Cooperation
- 3 Housekeeping
- 4 Safety first: think before you act
- 5 Personal Protective Equipment
- 6 Near accidents
- 7 Dangerous materials
- 8 Personal involvement
- 9 Risk Control
- 10 Alert driving
- 11 Ergonomics
- 12 Tools & materials

10 Golden Safety Rules

1. I do not bring myself or my colleagues into serious hazardous situations through my behavior.
2. I know the Stahl SHE guidelines and I act according to them.
3. I follow the procedures for safe work permits and high risk work permits, such as entering confined spaces etc.
4. I only open electrical cabinets if I am authorized by a valid certificate. I always close the cabinet when I leave it.
5. I always use the required PPE, indicated on the safety data sheet, when I am handling chemicals.
6. I only operate the vehicles for which I have a certificate.
7. I always drive the FLT safely. I stop the FLT immediately in case of any defect and report the problem.
8. I never block emergency exits, showers, fire extinguishers or other safety equipment.
9. I only use proper tools designed for the specific task (a knife is for cutting and is not a screwdriver; special gloves are used for cleaning sharp edges, etc.).
10. I only operate machines/equipment which I am trained for. I know what to do otherwise I do not do it.

The campaign takes the form of posters and e-mail campaigns which are distributed throughout all sites. It also emphasizes the acceptance by every company employee of responsibility for safety awareness and behavior. Given Stahl's expansion in recent years, we consider this SHE campaign a critical part of our strategy for sustainable growth.

It is still too early to draw conclusions about the success of the campaign, but Stahl is convinced that more awareness will lead to fewer incidents.

Safety Performance Indicators⁽¹⁾

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

	2016	2015	2014	2013
Frequency rate of accidents with lost work time*	0.08	0.16	0.15	0.08
Severity rate of accidents**	0.45	3.80	5.55	0.97

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

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

Environmental Performance Indicators⁽²⁾

Stahl is continuously upgrading its production sites and laboratory facilities in order to achieve efficiencies and reduce our environmental footprint. The measurement and publication of its environmental KPIs is an essential part of the company's goal to promote transparency throughout the supply chain.

CO₂ emissions

Stahl recognizes that climate change represents a potentially irreversible threat to human society and that reductions in global CO₂ emissions will be required in order to meet the targets agreed at the historic Paris Climate Conference in December 2015. As a result, in 2016 Stahl established a global CO₂ emissions reduction target of 10% by 2020 (i.e. Scopes 1 and 2 emissions + business travel, using 2015 emissions as a baseline). This target will be measured annually on a like-for-like basis, as well as on a per tons produced basis.

Carbon dioxide is the main component of Stahl's Greenhouse Gas emissions. Some progress was already made on CO₂ emissions in 2016 and new initiatives are being implemented that are aimed at achieving the 2020 target.

(1) All Stahl employees are taken into account for safety performance indicators.

(2) Note: the scope of the environmental performance indicators is that of the Stahl manufacturing sites. The applications and testing labs do not provide sufficient data to be included in these performance indicators.

Carbon Footprint

	2016	2015 ⁽¹⁾
Scope 1: direct GHG emissions* (metric tons CO ₂ -eq.)	14,391	14,871
Scope 2: indirect GHG emission from electricity sources** (metric tons CO ₂ -eq.)	17,701	17,823
Scope 3: other indirect emission sources*** (metric tons CO ₂ -eq.)	3,335	3,605
TOTAL METRIC TONS CO₂-EQ	35,426	36,299

(1) Corrected data to compare like-for-like with 2016 based on an error in the Parets data from 2015 and a change in company car policy in Stahl Germany.

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

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

*** Scope 3: Other Indirect Emission Sources which occur due to company activity but are not sources owned or controlled by the company; emissions from transport, business travel.

CO2 reduction projects 2016

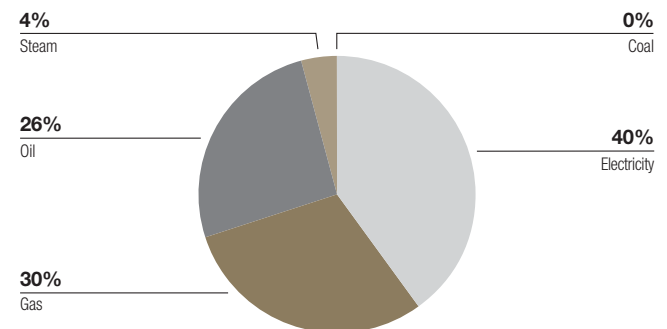
- In 2016 Stahl Germany (Leinfelden) received ISO 50001 certification. This certification requires a continuous improvement philosophy with regard to energy use, the fulfilment of legal requirements such as the European Energy Efficiency Directive, and the proper management of energy contracts with suppliers. The main benefit of this significant achievement is energy savings, which in turn leads to reduced CO₂ emissions.
- Long term capital expenditure proposals related to using renewable power sources at our manufacturing sites have been drafted.
- Incentives for using more fuel efficient company vehicles are being applied in selected cases.
- A campaign was launched in 2016 to provide practical advice on how to save CO₂ in offices and plants.

Energy consumption

	2016 ⁽¹⁾	2015 ⁽¹⁾
Energy (TJ)	294.81	281.51
Total production volume	207,923	195,646
Energy (TJ) per production volume	0.001417	0.001438

(1) Corrected data to compare like-for-like with 2016.

Energy source



Energy projects 2016

- In Stahl Europe, Waalwijk, polyols are stored in a heated room in order to use them in their liquid state. The heating system in this unit was changed from electrical to steam during 2016 and new insulation was installed, which resulted in annual savings of 530,000 kWh of electricity.
- In India a new energy efficient pump system was installed in January 2016 to cater to the entire plant requirements. This pump delivers 300 m³/Hr and represents savings of around 18 kW/hour resulting in annual savings of 82,500 KW/hr.
- A campaign was launched in 2016 to provide practical advice on how to save energy in offices and plants. Stahl China (Suzhou) and Stahl USA (Peabody) have switched to LED lighting in their sites.

Water consumption

	2016	2015
Water consumption (m ³)*	355,041	320,072
Other water use (m ³)**	506,056	491,021
TOTAL WATER USED (M³)	861,097	811,093

Energy projects 2016

- In Stahl Italy (Palazzolo), due to the specific manufacturing processes which are particular to that site, a significant amount of water is required to cool certain vessels. This water is taken from the municipal water source and is returned to that source unchanged. This water 'use' is separated from water 'consumption' in our KPI since it can be returned to the source in its original state.
- Stahl's policy is to continue to grow its water-based product portfolio and replace solvent-based alternatives used in the marketplace. This is expected to result in an increase in water consumption in the coming years and a reduction in organic solvent purchases at the same time. Solvents currently occupy 18% of Stahl's raw material purchases by volume (measured as a % of total raw materials purchased in kgs).

Waste management

	2016	2015
Hazardous Waste ((tonnes)	7,050	6,570
Non-Hazardous Waste (tonnes)	1,476	1,276
TOTAL WASTE (TONNES)	8,526	7,846

	2016	2015
Waste water sent to external treatment (tonnes)*	15,038	15,815

* This indicator only represents the Waalwijk and Toluca sites. The other 9 sites have an on-site waste water treatment installation.

Waste projects 2016

- The small increase in waste is linked to the increase in volumes produced by Stahl in 2016 vs. 2015. In terms of waste generated per ton produced, the 2016 value is lower than 2015.
- Project 'Frankenstein' is the name given to the activity in Stahl which recovers out-of-specification materials for re-work, then re-introduces them to the market in the form of newly developed and fully tested products with equivalent performance. In 2016 this activity resulted in the saving, and subsequent commercialization, of 350 tons of material that would have been disposed of without the re-work intervention.

Innovative solutions to reduce environmental impact

With nine R&D centers around the world, employing 90 technical staff, most of Stahl's product research is linked to providing sustainable solutions that reduce environmental impact. This can be either by using renewable/bio-based raw materials in our own products or by designing products which will reduce the consumption of energy, water or chemicals for its customers. For example, it is now an internal requirement that all new products developed by Stahl's research team must have an environmental benefit associated with them.

Stahl products designed to reduce the environmental footprint

- Double-digit growth in sales of the STAHL EVO products for synthetic materials and the successful global introduction of the parallel Stahl NEO leather finish portfolio were important commercial highlights in 2016. These two product ranges are fully compliant with the Manufactured Restricted Substance List (MRSL) launched in 2016 by the ZDHC Foundation, which is dedicated to eliminating all hazardous substances from the supply chain by 2020.
- Other significant milestones in 2016: The strong market reception for the Easy White Tan™ and Proviera® - Probiotics for Leather™ products, which are contributing to significant improvement in the environmental footprint of the leather manufacturing process, a fact that has been proven and recognized by several key players in the industry. Stahl expects significant growth in the coming years for these products.
- Stahl launched Catalix® 150 and Catalix® GSX liquid in 2016, an innovative polymer solution for lower impact leather processing. The inclusion of these products in leather retanning formulations results in significant reductions in pollution levels of water effluent, thanks to their unique cationic polymer backbone.
- The policy of promoting natural and renewable resources as raw materials has driven innovation in bio-based polyurethane research. Green Polymatte was launched in 2015 and was successfully commercialized in 2016. Stahl expects that by the end of 2017, a range of bio-based products will be available commercially for launch.
- The use of water-based polycarbodiimide crosslinkers in coatings is growing, in large part thanks to Stahl's patented technology in the field. These products are easier to handle than traditional crosslinkers and their outstanding overall performance is described in a white paper published by Stahl Polymers in 2016. These innovative carbodiimide crosslinkers are an excellent building block for the design of environmentally-friendly coatings systems.

3.2.3.3 People & Society

Stahl has an active Code of Conduct which was implemented with business partners in 2015 and extended to its suppliers in 2016. This Code of Conduct ensures that human rights and the environment are respected by those parties with whom it does business. Related to this, a whistleblower policy is in place with clear rules that allow employees to report suspicious behavior that could be in conflict with the Code of Conduct, with the necessary protection guarantee for the whistleblower in question. There were no incidents of corruption reported during 2016.

Trusted Partnerships

Stahl's goal is to achieve a more transparent and sustainable supply chain in the industries where it is active. By stimulating cooperation in the supply chain, via close collaboration with the company's partners, sustainability evolves as a positive consequence. Sustainability as a result of initiating transparency; that is Stahl's mission.

- **Zero Discharge of Hazardous Chemicals (ZDHC):** in October 2016 Stahl joined the ZDHC Foundation with a commitment to this goal by 2020. Stahl is the first chemical company from the leather and synthetics industry to become a member.
 - **External assessment of Sustainability Performance:** In 2016 Stahl received Higg Index scores for its four European manufacturing sites of 77 (The Netherlands), 88 (Germany), 80 (Italy) and 83 (Spain) out of 100. The Higg Index is a self-assessment tool from the Sustainable Apparel Coalition which promotes transparency in the supply chain.
 - **Expansion of Stahl Campus®:** Stahl Campus®, the global knowledge center established in 2014 in Waalwijk (Netherlands), and in León (Mexico) in November 2015, was expanded again in September 2016 to Guangzhou (China). The goal of Stahl Campus® is to promote good practices and transparency in the supply chain. Stahl invites customers, suppliers, educational institutes, OEMs, brands, and more, to come to its specialized laboratories and strengthen their knowledge through training. Stahl Campus® is a key aspect of the implementation of Stahl's sustainability strategy.
- Stahl is also involved in non-profit activities in emerging countries.
- **UN Global Compact:** Stahl is committed to the guiding principles of the UN Global Compact, the world's largest corporate sustainability initiative. With this commitment Stahl confirms the alignment of its strategy and operations with the universal principles of human rights, labor, environment and anti-corruption.
 - **UNIDO:** the mission of the United Nations Industrial Development Organization (UNIDO) is to promote and accelerate inclusive and sustainable industrial development (ISID) in developing countries and economies in transition. 2016 marked the successful launch of UNIDOs e-learning courses designed to promote good practices and responsible chemical management in leather tanneries, a significant achievement and one which Stahl fully supports.
 - **Stahl's sustainability roadshows** were held in four different cities in India in late 2016, in which Stahl, UNIDO and the Chennai-based CLRI (Central Leather Research Institute) gave seminars about clean technology initiatives in the Indian leather clusters.
 - **PUM** is a Dutch non-profit organization that links small and mid-sized companies in developing countries to experienced professional experts in order to improve sustainability and combat poverty. Stahl and PUM work together on projects for the leather sector. This partnership involves Stahl experts traveling to the country in question with PUM country staff and visiting tanneries that require the technical skills and service that only Stahl technicians can offer. The company expects to participate in one to five projects per year.
 - **Collaboration with universities:** in 2016 Stahl initiated research projects related to water technology with the University of Wageningen (Netherlands) and the University of Stuttgart (Germany). The company recognizes that effective water management will be a critical factor in achieving a more sustainable leather industry and expertise in water technology will be required. To this end, Stahl is collaborating with over 30 different colleges and universities around the world, on a wide range of topics. The company is actively promoting collaboration with higher education institutions in order to secure talent for the future and to maintain its leadership position in technology and sustainability.
 - **17 sustainable development goals (SDG):** Stahl's sustainability-related activities are being aligned with the 17 SDGs announced by the UN Global Compact in 2015. The following examples illustrate where these initiatives fit with some of these SDGs.
 - **Poverty:** aside from local community philanthropy, Stahl is involved in wider industrial development in emerging regions with NGOs and local authorities.
 - **Pharma:** Stahl has committed to initiatives that will eliminate restricted substances from the supply chain, like the Zero Discharge of Hazardous Chemicals foundation.
 - **Education:** Stahl Campus® is a training institute designed to promote good practices throughout the supply chain. Stahl also supports initiatives to promote the safe handling of chemicals and conducts seminars on this topic in emerging regions.

- Gender Equality: Stahl aims to be an equal opportunity employer.
- Clean water and wastewater treatment: water technology is a growing area for Stahl and it is collaborating with leading universities on improving water effluent quality. The company has also introduced effluent pollution-reducing technologies like Proviera® - Probiotics for Leather™, STAHL EVO, Catalix®, EasyWhite Tan®.
- Renewable Energy and Climate Action: Stahl's goal is a 10% reduction in CO₂ emissions by 2020 (in line with the 2015 Paris Climate Agreement) and this implies the adoption of renewable energy sources and raw materials.
- Employment and economic growth: Stahl's commitment to sustainable industrial development includes cooperation with UNIDO, PUM and other NGOs.
- Reducing inequalities: Code of Conduct implemented in 2015.
- Aquatic life: water technology is a growing area for Stahl and it is collaborating with leading universities on improving water effluent quality. The company has also introduced effluent pollution-reducing technologies like Proviera® - Probiotics for Leather™, STAHL EVO, Catalix®, EasyWhite Tan®.

3.2.3.4 Reporting methodology for Stahl

Reporting scope

Unless otherwise indicated, HR data are reported for all Stahl entities worldwide including Viswaat Chemicals Ltd and Eagle Performance Products. The environmental performance indicators relate to Stahl's 11 manufacturing sites.

Methodological limitations and uncertainties

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

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

Social indicators

Total workforce

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

Hires & departures

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

Total hours of training

Tours of training are not included in this report. Although this indicator is tracked locally by each entity, it is not consolidated at the group level.

Safety indicators

Lost-time injury frequency rate

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

Environmental indicators

Carbon Footprint

The carbon footprint is calculated according to three scopes of emissions.

- Direct GHG Emissions are those that occur from sources that are owned or operationally controlled by the company: company-owned or leased cars, other company vehicles, gas and oil used on its sites (Scope 1).
- Electricity Indirect Emission Sources are related to energy (in the form of electricity, steam, heat and cooling) purchased from the grid or district heating or cooling systems (Scope 2).
- Other indirect emissions (Scope 3): Article 173 of the French Law for Energy Transition and Green Growth decreed in August 2016 that companies shall disclose information on significant emission sources, including upstream and downstream activities in the value chain. The international framework chosen by Stahl to determine which emission sources are significant is the GHG Protocol, that defines 15 scope "sources", for example, purchased goods and services, upstream/downstream transportation, the use and end of life of sold products, employees commuting, etc. Based on benchmarking analysis, Stahl has estimated that purchased goods and services (source 1) is the most significant for the company, and it is investigating sources 2-15 to determine their order of magnitude in order to publish the list of significant emissions sources in 2017 and to identify the risks and opportunities with respect to its CO₂ strategy.

The carbon footprint is reported every year.

Energy

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

Water

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

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

Waste

The waste indicator includes all hazardous and non-hazardous wastes generated by the 11 Stahl production sites around the

world. The figures do not include waste generated in offices and laboratories that are not geographically connected to one of the production sites.

Furthermore, Stahl reports wastewater that is sent to an external treatment center. The other nine Stahl production sites have their own wastewater treatment plant.

Consolidation and internal controls

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

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

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

3.2.4 Mecatherm

3.2.4.1 Ambitious goals for continuous improvement

Mecatherm is committed to continually raising the bar in terms of continuous improvement. All companies in the group strive to design equipment that integrates high standards, particularly in four areas:

- food safety;
- personal security;
- equipment preservation;
- environmental protection.

Given Mecatherm's growth over the past several years and the expected future growth, as well as the challenges of adapting to accommodate this growth, the company needed to make some changes to its operational organization.

In 2015, Mecatherm totally reorganized its operations, particularly so as to reallocate resources, make the company more competitive and help it adapt to new demands from its clients and the market. This reorganization was also made to optimally integrate the external growth expected in the future.

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

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

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

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

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

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

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

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

The organization established in 2015 was strengthened by integrating resources devoted to the continuous improvement and implementation of structured processes in the production units and segments.

A Purchasing department composed of eight people was also created to optimize sourcing and the cost structure.

The Human Resources department was reorganized around specialized areas and started the use of HR processes to support operational activities (Recruitment, Onboarding, Advancement, Training, Evaluation) within the scope of the BEEP (well-being, efficiency and performance) project.

Lastly, safety, Mecatherm's number one priority, is supported by a newly-created Health Safety Environment (HSE) department, and by two Safety managers, one dedicated to personal safety and the other to equipment safety.

In line with this new organization of operations, and to better promote the group's product range, the group decided to clarify the trade names of the group's companies in 2015.

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

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

Finally, in 2015, the "Ovens" PU (in the Bas Rhin *département*) was the first company location to experiment with implementation of the *Lean* program. The *Lean* program was gradually implemented in other production units during 2016, and this will continue in 2017.

3.2.4.2 Reporting methodology

Scope and methods of consolidation

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

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

Responsibilities and verifications

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

Additional information about reported indicators

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

Safety indicators

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

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

Social Indicators

Total workforce

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

Hires & departures

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

Compensation

All compensation takes into account salaries, payroll taxes and leaves.

Absentee rate

The ratio of the number of hours of absence⁽¹⁾ to the number of hours theoretically worked.

3.2.4.3 Social data

Mecatherm's three locations are in France: Mecatherm SA in Alsace (Barembach), Gouet SAS in the Loire valley (Montilliers) and TMG in Île-de-France (Paris).

The Normandy site (Saint-Rémy-Boscrocourt) was closed in 2015. This closure led to a number of variations in environmental data.

As of December 31, 2016, Mecatherm had 459 employees, compared with 409 as of December 31, 2015. The majority of employment contracts were full-time, permanent contracts. Fixed-term contracts represented 8% of the total in 2016, a slight increase from 2015. The group plans to maintain the percentage of fixed-term contracts between 10% and 15%. The group's total workforce was composed of 22% managers and 78% non-managers. Women made up 12.2% of the workforce, an increase over 2015. Employees with disabilities represented 1.95% of the workforce.

(1) The absentee rate is calculated by dividing the number of days of absence (both paid and taken) by the number of work days originally expected. Days of absence include: illness, work accidents, commuting accidents, occupational illnesses and unjustified illness. Days of absence do not include: maternity, paternity, adoption or parental leave, authorized and paid leave (family events, notice periods not worked, etc.), unpaid leave, sabbatical, business start-up leave, training, annual vacation, days to compensate for overtime and holidays.

In 2016, the group's turnover rate was virtually stable at 28.1%. This rate was due to:

- the large increase in the number of new hires in the company related to the group's increased business activity (12% increase in workforce), between 2015 and 2016;
- the large number of new hires followed by departures related to the difficulty of integrating so many new employees in a short time frame without a clearly defined onboarding process;
- as well as departures related to a compensation level below the local market (heavily industrialized labor pool, with a low unemployment rate at around 5%) for sectors with labor shortages that required replacements (mobile installers, automation experts, etc.).

During the fourth quarter of 2016, the Human Resources department tested and validated an onboarding and training process for new employees, on "pilot" recruits, to retain new hires. This HR process was finalized and will be implemented during the second quarter of 2017 by all of the company's managers.

Also, in the fourth quarter of 2016, measures were taken to upgrade salaries in sectors with labor shortages, to limit the departure risk of the relevant employees.

There were three dismissals. The absentee rate in 2016 was 2.4%, lower than in 2015.

	2016	2015	2014	2013
Total workforce as of December 31	459	409	351	304
Average staff numbers	454	421	358	322
Absentee rate	2.4	2.7	2.8	2.8

Compensation

Total compensation paid in respect of 2016 was €23,718 thousand. The increase in 2016 was due to a 0.2% cost-of-living increase plus individual increases. The compensation structure for sectors with labor shortages (mobile installers and automation experts) was significantly increased to facilitate recruitment and reduce turnover risk. Furthermore, all employees (except at TMG) benefit from profit sharing at their company in accordance with legal requirements.

Payroll was also impacted by the significant increase in the company's workforce.

Organization of working time

The workweek is 37 hours long for non-management employees (excluding traveling staff and supervisory-level staff), organized on a monthly basis into three weeks of 39 hours and one week of 31 hours (one 8-hour day off during the 31-hour week). For management-level employees, non-management traveling staff and supervisory-level staff, working time is measured on the basis of 218 days per year. 0.67% of all employees work part-time for medical or childcare reasons.

Social Relations

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

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

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

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

Training

In 2016, 64.3% of employees participated in training, for a total of 8,041 hours of training. Mecatherm intends to maintain its goal to have at least one of every two employees take part in training.

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

During 2016, a four-day management training program was provided for all company managers under the well-being, efficiency and performance (BEEP) project, representing 30% of training hours.

Non-discrimination

Mecatherm is committed to maintaining a steady proportion of employees with disabilities in its workforce. Job applicants with disabilities are encouraged to apply for open positions and workstations are adapted as necessary. In 2016, 1.95% of its employees were recognized as having a disability.

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

Furthermore, an age management policy was adopted following consultation with personnel representatives to create an action plan regarding the "generation contract" (a French system to encourage employers to keep experienced senior employees who can transfer their knowledge to newly-hired young workers). This three-year action plan aims to set out concrete actions to encourage the sustainable integration of young people into the workforce by their access to permanent contracts; encourage hiring older workers and keeping them employed; and ensure the transfer of know-how and skills.

Health and Safety

Mecatherm continues to make employee safety one of its highest priorities and strictly applies all relevant laws and regulations. A risk assessment and management document is kept up to date for

each company. Mecatherm has implemented systems to analyze and, if applicable, prevent a wide range of risks. These include health risks (noise-induced and musculoskeletal disorders), chemical risks, psychosocial risks, travel risks and working-at-height risks. New initiatives are introduced each year with the collaboration of the Health, Safety and Working Conditions Committee (CHSCT), the state health insurance organization (CRAM), and the occupational health administration.

Mecatherm has a separate Health, Safety & Environment (HSE) department and has devoted specific resources aimed at strengthening and supporting the prevention of risks and the improvement of working conditions.

In addition, the company has worked closely with the CHSCT in analyzing factors associated with stressful working conditions. Although not subject to stress, the HSE department carried out an in-depth analysis to evaluate exposure to load-handling and stressful postures. The study of critical work phases by Homogeneous Exposure Group for each activity will allow the highest safety risks to be identified, and inform the action plan resulting from the existing uniform assessment of occupational risks document (DUERP).

The lost-time injury frequency rate was 9.00 and the severity rate was 0.30.

3.2.4.4 Environmental data

Water and energy consumption

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

Efforts already begun in 2014 to increase the energy efficiency of the Mecatherm Group's own facilities and equipment were continued in 2015 and 2016. As a result, energy savings were

achieved in 2016. These energy savings chiefly resulted from employee awareness campaigns, for example on environmental protection.

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

Indicators	2016	2015	2014	2013
Direct energy (gas) ⁽¹⁾ (MWh)	4,674	4,341	3,075	4,686
Indirect energy (electricity) (MWh)	1,438	1,503	1,412	1,380
Water (m ³)	2,039	2,724	3,006	1,957

(1) HHV.

Other energy consumption reached the following levels in 2016:

- propane consumption: 87,278 kWh;
- diesel fuel consumption: 140,747 L.

Waste management

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

Type of waste (in metric tons produced)	2016	2015	2014	2013
Ordinary industrial waste and paper ⁽¹⁾	45	119	98.56	85.18
Wood ⁽¹⁾	103	60.32	52.79	49.92
Stainless and other steels ⁽¹⁾	118.73	52.37	75.42	81.39
Fermentables (bread, dough, flour) ⁽²⁾	54.15	58.80	97	11.05
Hazardous (electronic, electric)	-	1.94	1.07	-

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

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

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

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

Optimizing the use of raw materials

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

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

Consumption (in metric tons)	2016	2015	2014	2013
Paper	8.4	8.9	9.7	10.3

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

In 2017, the assessments carried out will be refined via more precise calculations.

Climate change

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

3.2.4.5 Societal data

Biodiversity

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

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.

Greenhouse Gas Emissions (GGE)

In 2016, the TMG subsidiary carried out an assessment of all its indirect emissions sources, as defined in the GHG Protocol for its activities.

In 2016, 32.25% of the company's purchases were made from local suppliers (Bas-Rhin *département* for the Mecatherm site; Maine et Loire and Vendée *départements* for the Gouet site).

TMG considers the following indirect GHG emissions (Scope 3) to be significant:

- emissions related to the use of products sold;
- emissions related to the purchase of products used in industrial processes (steel, aluminum, copper, zinc, plastics, electronics components, chemical products, etc.).

By partnering with subcontractors, Mecatherm has more flexibility for handling peaks and troughs in business volume and contributes indirectly but significantly to local employment. As a result, purchases of parts and subcontracted parts created 159 indirect jobs with the company's 33 principal suppliers in 2016.

Indirect emissions from the 13 other emissions sources defined in the GHG Protocol were not considered to significant for Mecatherm.

Maintaining a dialogue with the community

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

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

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

Finally, Mecatherm maintains close relationships with other regional and local stakeholders, for example by taking local business owners on factory tours and meeting with government agencies such as the local emergency services. For example, a study was conducted with the community of municipalities and the University of Strasbourg, where geography students studied the home-to-company commute of Mecatherm employees, as well as modes of transport available within the Alsace region. The purpose was to propose action plans to limit the environmental impacts and the impacts related to the use of the area.

Subcontractors and suppliers

Since Mecatherm ceased to directly produce parts many years ago, all manufacturing of parts for machines to be delivered to customers is subcontracted to highly specialized companies who apply detailed specifications. Mecatherm's workshops are therefore devoted to fitting and assembling parts and sub-assemblies manufactured by the subcontractors, many of which are local.

Total purchases (parts and subcontracting) for Mecatherm exceeded €44.7 million in 2016.

The principal categories of purchases are: manufactured parts, sheet metal, mechanized welding and machining 50%; electrical panels and components 13%; and transmission systems and kinematics nearly 10%. Each of the company's sites demonstrates its local commitment by purchasing more than half of manufactured parts from suppliers in its *département*, or the surrounding areas.

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

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

Fair business practices

Ensuring consumer safety

Mecatherm applies industry standards to its equipment. After accepting the equipment, the customer is solely responsible for compliance with applicable food production standards. Nevertheless, if solicited, Mecatherm helps its customers implement measures to protect the health and safety of consumers. Assistance may be provided, for example, regarding the use of specific types of materials used by the food industry or the purchase of detectors (e.g. metal detectors) to be installed on production lines.

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

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

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

Preventing corruption

The group takes steps to prevent corruption.

In order to monitor unlawful activities of the salesforce, each salesperson reports to a person in a more senior position, and is required to fill out a daily report on his/her activity using a CRM/business process security tool that facilitates the management of client data, and sales activities in general, and incorporates corruption criteria to reveal the risk level and country ranking according to the Transparency International Corruption Perceptions Index.

In addition, a memorandum on corruption in sensitive countries is sent to employees who travel. This memo includes precautionary measures to take during their travels.

Commitment to human rights

Mecatherm refuses to use any child or forced labor.

When the company enters into any subcontracting or service-provider agreement for an amount of €5,000 or more, and

every six months thereafter, it obtains verification by certified letter that its subcontractors are in compliance with French labor law, and more generally that French legal and social provisions are being applied.

3.2.5 CSP Technologies

Introduction

CSP Technologies is a global leader in delivering innovative, high-quality product and packaging solutions that give customers a competitive edge and actively protect customers' humidity- and/or oxygen-sensitive products.

CSP develops and markets solutions and services to address packaging concerns in a variety of industries including pharmaceuticals, transdermal drug delivery, food and electronics.

The core values of CSP are:

- **delivery** - servicing customers with on-time, on-specification products in high volume and taking products from conceptualization to commercialization;
- **innovation** - pioneering new technologies and offering innovative design, material science, sheet extrusion, thermoforming, and complex molding;
- **social** - making strong investments in our people to assure that they have the technological knowledge and capability to help customers;
- **efficiency** - continuous strengthening of quality and reduction of the cost base through lean manufacturing, manufacturing footprint optimization and design-to-cost initiatives.

Presence

CSP operates three manufacturing plants located in France (Alsace) and the USA (Alabama and Georgia). All of CSP's manufacturing plants are engaged in the production of plastic packaging for various industries, notably medical and food.

CSP additionally operates representative offices in various countries typically for sales and marketing purposes, and CSP's corporate office is located in New York State (USA).

Main Changes

In March 2016 CSP acquired 100% ownership of Maxwell Chase Technologies, LLC, a company specializing in the development and manufacturing of absorbent packaging that delivers freshness and extends the shelf life of fresh foods. Maxwell Chase operates the manufacturing facility in Georgia (USA). Maxwell Chase is out of scope for this report due to the partial consolidation period.

Social

With a focus on innovation and delivery, human resources and staffing are critical to CSP's performance by ensuring deployment of talent to the appropriate areas of the business.

Employment

At December 31, 2016 CSP's workforce consisted of 379 full- and part-time permanent employees. The majority of CSP employees are located at the company's main manufacturing facilities in the USA and France. The growth in workforce from 2015 (354 employees) has been driven by the growth of CSP.

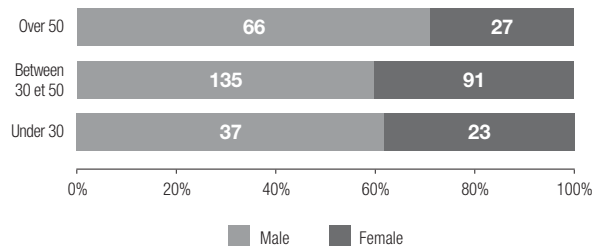
CSP additionally utilizes temporary employees sourced via local staffing agencies to meet the changing demands of the business (not included in the figure above).

Workforce by geographic location:

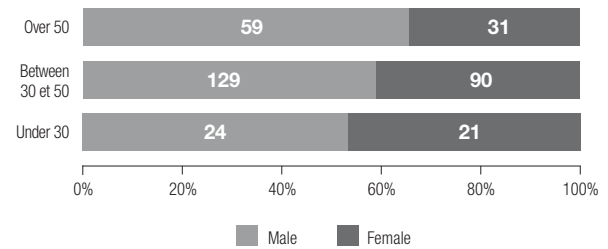
Workforce by geographic location, 2016

Workforce (on staff as of December 31)	2016	2015
United States (Alabama and New York)	267	244
France (Niederbronn)	112	110

Workforce demographics, 2016



Workforce demographics, 2015



Employee Changes

Retaining and developing a high-quality workforce is critical to CSP. CSP offers competitive compensation and incentive packages which are reviewed on a regular basis by senior management.

CSP additionally strives to retain employees by offering equal opportunities and a safe, fair, honest and open workplace.

The absenteeism rate of CSP is below normal market levels.

Total workforce	2016	2015
Employee turnover rate	9%	21%
Employee hiring rate	16%	15%
Number of temporary employees hired under permanent contracts (excluding internships)	24	22

Training

CSP offers employees access to training focused on health and safety, production efficiency and innovation in the workplace. Training is offered internally, through external providers and both to new and existing employees. Some highlights of training undertaken during 2016 are as follows:

- international standards and quality audit training;
- technical courses such as vehicle operation, electrical training and manufacturing operations.

Six CSP employees are qualified as "Six Sigma blackbelts".

Health and safety

As many of CSP's employees are engaged directly in the manufacturing process, adherence to health and safety rules is a key objective of management. Internal health and safety reviews are conducted on a regular basis. The following areas are focused on:

- providing up to date and relevant training to at-risk employees;
- complying with all relevant local and international rules on health and safety;
- analysis and introspection with relation to any incidents.

The above strategies have led to a low number of lost time injuries within the organization:

Total workforce	2016	2015
Number of lost time injuries	6	2
Number of lost time days	29	4

Relations with Professional Organizations

As part of its commitment to recruiting and retaining talent, CSP partners with local institutions, such as colleges and universities in the United States. Through these partnership programs CSP offers compensated internship programs to several individuals annually. These programs may focus on research and development, design, engineering or quality assurance and often lead to permanent employment.

Additionally, CSP has participated in informational sessions at local educational institutions in the USA along with tours of the plant for relevant academic courses.

CSP has also partnered with institutions in 2016 to develop and test new technologies. In particular, where CSP lacks the expertise to test certain technological innovations internally it has partnered with research development laboratories in major academic institutions to perform the testing and assist in development of the technologies.

Environment

CSP monitors compliance with relevant environmental laws and regulations.

Through its manufacturing processes and innovations CSP aims to drive efficiencies which result in a reduced environmental footprint, lower waste and emissions outputs.

Raw Materials and Waste Management

A large portion of CSP's research and development focus in 2016 and in future years was and will be on reducing waste from manufacturing processes.

The primary inputs into CSP's business are petrochemicals, most notably polypropylene resins. CSP looks for ways to reduce the amount of materials consumed in its products on an ongoing basis by ensuring the efficiency of production processes and manufacturing to precise customer specifications.

CSP predominantly uses materials which can be recycled in the manufacturing process internally or resold to external vendors for reprocessing. Scrap which cannot be recycled results from contamination or mixture with other materials in the production process.

CSP is focusing on several specific projects related to a reduction in usage of raw materials and levels of scrap/waste:

- introducing new manufacturing lines with innovative new processes to reduce the amount of materials used in production and separate production of different components. The separation of components reduces cross-contamination. Management anticipates that this will substantially increase the amount of materials that can be re-processed internally during manufacturing;
- offering a wide selection of products with varying content of petrochemical resins to allow for the necessary amount of material to be tailored to each customer's need. These offerings reduce instances of customers needing to purchase products with an excess of material and increases cost effectiveness.

Total workforce	2016	2015
Raw materials consumed (<i>metric tonnes</i>)	10,879	11,343
Raw Materials, Intermediate and Finished products scrap (<i>metric tonnes</i>)	760	577
Other types of waste: packaging, garbage, etc. (<i>metric tonnes</i>)	566	527

Energy and Climate Change

The main energy input into CSP's manufacturing process is electricity. CSP also uses natural gas, automotive fuels and other energy sources on a limited basis. CSP has not noted any significant

risk associated with adoption of prospective climate change legislation.

Total workforce	2016	2015
Electricity used on an annual basis (<i>MWh</i>)	43,186	41,374
Scope 2 GHG Emissions (<i>tonnes of CO₂ equivalents</i>)	19,652	18,872

Electricity consumption rose from 2015 to 2016 with an increase in production and revenues (5% organic growth, excluding incremental revenue from the acquisition of Maxwell Chase).

CSP anticipates further investigation of Scope 3 GHG carbon during 2017. Scope 1 GHG emissions are not considered significant to CSP.

CSP anticipates that initiatives commencing in 2017 to reduce scrap levels and recycle vials will significantly reduce the carbon footprint generated in the manufacturing process. These initiatives are further detailed in the section on raw materials and waste management.

Energy Efficiency Initiatives

Key projects with energy efficiency benefits in 2015 and 2016 have been:

- improvement of heat recovery in plant dry rooms and reduction of furnace temperatures (Alabama);
- improvement of energy cycling in dry rooms to reduce energy usage (Alabama);
- replacement of lighting with low-energy alternatives in certain production rooms and hallways (company-wide);
- reduction of air loss in compressor systems and implementation of more efficient compressor motors (France).

In addition, CSP has several energy reduction projects under investigation such as the addition of heat blankets for injection molding systems to increase thermal efficiency.

Consumer health

CSP recognizes the importance of protecting consumer health and generally utilizes only those raw materials that are inert and considered non-harmful in the production of its packaging materials. Many of CSP's customers in the medical sector are regulated by bodies such as the FDA and operated under a strict framework.

Medical and Over-the-Counter Divisions

CSP generally sells and distributes packaging to customers who are then required to seek regulatory approval for the combination of content and packaging. For example, in the USA, many of CSP's customers are subject to FDA regulations. CSP works with customers to ensure that products meet precise specifications and operates under several ISO standards to ensure quality. In particular, CSP's state of the art inspection systems are capable of ensuring that a very high proportion of products shipping to the customer meet specifications (for example, products can be checked individually for defects, lid opening force, etc.). CSP combines these technologies with manufacturing techniques such as Six Sigma that reduce the number of defects present. CSP also works actively with customers to meet their regulatory needs and engages in scientific testing of products at research and academic institutes.

Food Division

CSP maintains a registered food facility in the USA used for food packaging. The facility is subject to regular inspection and audit. Some key certifications held are:

- FDA Food Facility Registration (USA);
- Halal Food Production Certification (USA).

Compliance/Regulation

Given the international scope of CSP's business, management is responsible for compliance with applicable laws, regulations and ethical codes (such as regulations on human rights, equality in the workplace and environmental legislation).

Business ethics

CSP maintains internal policies on ethical behavior (notably ethical guidelines and specific policies governing compliance with country specific legislation). These are distributed to senior management and sales personnel. Any potential compliance issues are escalated internally to senior management.

Relationships with Suppliers

Over the course of its history, CSP has built a network of trusted suppliers and vendors. Outside of reviews for market competitiveness there is relatively little change in CSP's supplier base on an annual basis. This allows for CSP to develop relationships with suppliers to ensure exacting product specifications are met, consumer health is protected and the relationships are as efficient as possible. Subcontracting by CSP's suppliers is limited.

Supplier audits for CSP's medical division are conducted on a regular basis. These audits assess risks such as product contamination, employment practices and quality standards at suppliers. Formal audit reports are issued and any deficiencies are addressed with the suppliers.

Reporting Methodology

Scope

The following locations are within the scope of this report:

- France manufacturing plant;
- Alabama manufacturing plant;
- New York corporate office (for social data only).

The locations in scope provide 92% of workforce coverage for 2016.

Social

HC

CSP's workforce is defined as the number of employees with a permanent contract with one of the entities within the CSP group. The totals include both salaried and hourly employees, as well as employees both under unlimited- or limited-term contracts (CDI or CDD, resp., in France). Workforce metrics include full and part-time employees. Temporary employees, apprentices or interns are not included in the workforce totals, hiring or turnover rates.

In case of multi-hire or multi-termination, only the last movement is reported. For example, if an employee is hired, then terminated and re-hired during the year, only one hire is counted (and 0 termination).

Employee turnover rate is calculated as the total number of employees who have left the organization in 2016 voluntarily or through termination divided by the total workforce at the end of 2016.

Employee hiring rate is calculated as the total number of employees who have joined the organization in 2016 divided by the total workforce at the end of 2016.

The number of temporary employees permanently hired includes individuals employed on a temporary basis that have been hired as full-time or part-time employees during 2016. In France the figure excludes CDD contracts converted into CDI contracts. It excludes any individuals who have been hired after an internship.

Health and safety

The number of lost time injuries is defined as the number of incidents resulting in one or more working days of lost time amongst full and part-time employees on a permanent contract. Accidents while commuting between work and home are excluded from these figures.

The number of lost time days is defined as the total number of working days of lost time resulting from the incidents noted above. The day of the incident is excluded from the figures and the number of days is rounded to one full day.

Raw Materials and Waste Management

Raw materials consumed

Raw material consumption is defined as the total mass of resin and other raw materials where consumption exceeds 10 metric tonnes per year. This figure does not include packaging materials or components.

Scrap

This category is defined as finished goods or raw materials with faults, specification deficiencies or are defined as obsolete that are either re-introduced to the production cycle, recycled internally or sent to third party vendors for recycling.

Other waste production

The reporting perimeter is limited to the main categories of wastes that are material to operations, and does not cover all other waste categories. This includes:

- general office waste;
- packaging materials such as cardboard corrugate, plastic and other containers;
- scrap wood from broken pallets.

Energy and GHG emissions

Emissions related to electricity consumption of production, packaging and administration operations are calculated using emission factors from the 2014 EPA's eGRID database for the facility in the USA (SERC South region) and the IEA 2014 database for the facility in France.

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

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

To the shareholders,

In our quality as an independent verifier accredited by the COFRAC⁽¹⁾, under the number n° 3-1050, and as a member of the network of one of the statutory auditors of the company Wendel, we present our report on the social, environmental and societal information established for the year ended on the 31 12 2016, presented in chapter 3 of the management report, hereafter referred to as the "CSR Information," pursuant to the provisions of the article L.225-102-1 of the French Commercial code (*Code de commerce*).

Responsibility of the company

It is the responsibility of the Board of Directors to establish a management report including CSR Information referred to in the article R.225-105 of the French Commercial code (*Code de commerce*), in accordance with the protocols used by the company and its portfolio companies (hereafter referred to as the "Criteria") of which a summary is included in the methodological notes presented in chapter 3 of the management report and available on request at the respective headquarters of the company and its portfolio companies.

Independence and quality control

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

Responsibility of the independent verifier

It is our role, based on our work:

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

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

Our verification work mobilized the skills of 9 people between November 2016 and March 2017 for an estimated duration of 15 weeks.

We conducted the work described below in accordance with the professional standards applicable in France and the Order of 13 May 2013 determining the conditions under which an independent third-party verifier conducts its mission, and in relation to the opinion of fairness and the reasonable assurance report, in accordance with the international standard ISAE 3000⁽²⁾.

1. Attestation of presence of CSR Information

Nature and scope of the work

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

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

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

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

(1) Scope available at www.cofrac.fr

(2) ISAE 3000 - Assurance engagements other than audits or reviews of historical information.

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

Notes of the company and its portfolio companies presented in chapter 3 of the management report, notably:

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

Conclusion

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

2. Limited assurance on CSR Information

Nature and scope of the work

We undertook about 40 interviews with the people responsible for the preparation of the CSR Information in the different departments, in charge of the data collection process and, if applicable, the people responsible for internal control processes and risk management, in order to:

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

We determined the nature and extent of our tests and inspections based on the nature and importance of the CSR Information, in relation to the characteristics of the Company, its social and environmental issues, its strategy in relation to sustainable development and industry best practices.

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

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

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

(2) For the Constantia Flexibles group, we selected the industrial sites of Topebal (Spain), C. Hueck Folien (Germany), Verstraete IML (Belgium). For the environmental and safety quantitative information of the Cromology group, we selected the industrial sites of Champagné (France) and Casablanca (Morocco), supplemented by the Couleurs de Tollens network (France) for energy and safety quantitative information. For the quantitative social information of the Cromology group, we selected the entities located in Morocco, in Argentina, and the networks Couleurs de Tollens (France) and Zolpan (France). For the Stahl group, we selected the industrial site of Waalvijk (Netherlands), Ranipet (India) and Kanchipuram (India). For the Mecatherm group, we selected the site of Barembach (France). For the CSP Technologies group, we selected the site of Auburn (United States of America).

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

- For the Constantia Flexibles group, 17 % of the total number of employees and on average 19 % of the quantitative environmental information tested;
- For the Cromology group, 58 % of the total number of employees and on average 25 % of the quantitative environmental information tested;
- For the Stahl group, 46 % of the total number of employees and on average 22 % of the quantitative environmental information tested;
- For the Mecatherm group, 72 % of the total number of employees and on average 73 % of the quantitative environmental information tested;
- For the CSP Technologies group, 65 % of the total number of employees and on average 78 % of the quantitative environmental information tested;

For the Bureau Veritas group, we verified that the Information published in Wendel management report corresponds to the information that was subject to verification by the independent verifier mandated by the executive management of Bureau Veritas.

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

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

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

Conclusion

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

Observations

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

The Information published by Constantia Flexibles group call for the following comment:

The absenteeism rate and the number of training hours have not been published yet, awaiting an homogeneous calculation at Group level.

The Information published by Cromology group call for the following comment:

For the calculation of volatile organic compounds emissions, the reporting protocol does not specify the alternative estimation methods to be used when required parameters are unavailable. This induces an heterogeneity in the calculation methods used by the sites.

The Information published by Stahl group call for the following comment:

The number of training hours has not been published yet, awaiting an homogeneous calculation at Group level.

Paris-La Défense, the 22 March 2017

French original signed by:

Independent Verifier

ERNST & YOUNG et Associés

Caroline Delerable
Partner, Sustainable Development

Bruno Perrin
Partner

Quantitative social information	Involved companies
Registered headcount, or number of employees expressed in full time equivalent	Wendel S.E. and portfolio companies
Total number of hirings and terminations, or rate of hirings and terminations	Wendel S.E. and portfolio companies
Absenteeism rate	Wendel S.E., Cromology, Mecatherm
Lost Time Injury Frequency Rate, or number of lost time injuries	Portfolio companies
Severity Rate, or number of lost time days due to lost time injuries	Cromology, Stahl, Mecatherm, CSP Technologies
Percentage of industrial sites certified OHSAS 18001	Cromology
Total number of training hours, or number of hours of training per employee, or number of employees being trained at least one time	Wendel S.E., Cromology, Mecatherm
Total number of disabled employees, or rate of disabled employees	Wendel S.E., Constantia Flexibles, Mecatherm, Stahl

Qualitative social information	Involved companies
Organization of social dialogue	Portfolio companies
Health and safety at the work place	Portfolio companies
Training policies	Wendel S.E. and portfolio companies
Equality of treatment, including inclusion of disabled employees	Wendel S.E. and portfolio companies
Promotion and respect of the ILO core conventions	Constantia Flexibles, Cromology, CSP Technologies, Stahl

Quantitative environmental information	Involved companies
Percentage of industrial sites certified ISO 14001	Cromology
Air emissions (VOC, SOx and NOx), or ratio of air emission per product output (VOC)	Constantia Flexibles, Cromology
CO ₂ emissions, scopes 1 and 2	Constantia Flexibles, Cromology, Stahl, CSP Technologies
CO ₂ emissions, scope 3	Constantia Flexibles, Stahl
Quantity of hazardous and non-hazardous waste, or ratio of produced waste quantity per product output	Portfolio companies
Waste recovery rate	Constantia Flexibles
Total water consumption, or ratio of water consumption per product output	Constantia Flexibles, Cromology, Stahl, Mecatherm
Total energy consumption	Portfolio companies
Raw materials consumption	CSP Technologies

Qualitative environmental information	Involved companies
Company organization to take into account environmental issues	Wendel S.E. and portfolio companies
Energy efficiency	Constantia Flexibles, Cromology, Stahl, Mecatherm
Raw materials consumption	Constantia Flexibles, Cromology, CSP Technologies
Significant emission sources of greenhouse gas generated by the company's activities, including the use of the goods and services it produces (scope 3)	Portfolio companies

Qualitative information related to societal commitment for a sustainable development	Involved companies
Territorial, economic and social impact of the company in terms of employment and regional development	Portfolio companies
Dialogue conditions with individuals or organizations interested in the company's activities	Wendel S.E. and portfolio companies
Integration of ESG criteria in portfolio management	Wendel S.E.
Consideration of CSR issues in relationships with suppliers and subcontractors	Portfolio companies
Actions undertaken to prevent bribery and corruption	Wendel S.E. and portfolio companies