



Building  
sustainable  
companies

ESG brochure 2020



WENDEL

## Build companies that can perform sustainably in a complex world

**Being heirs to a family history of more than 300 years speaks volumes about our commitment to investment. It means we are rooted in our values and we have withstood the vicissitudes of time. These values are embedded in our DNA. They guide us and orient our strategy.**

Throughout its history, Wendel has always known how to anticipate, innovate and, if necessary, question itself. Informed by the long-term view inscribed in our investment strategy, we quickly understood that financial performance, our most important commitment, would be increasingly dependent on societal parameters in the larger sense. Sustainable development is a concept that naturally resonates with our family values and our culture. It is exactly what we seek to do: build companies that can perform sustainably in a complex world.

This document details the sustainable development work Wendel has performed over the last several years and sets down our commitment for the years to come. It is based on an ambitious and coherent *raison d'être*, a clear strategy and an aggressive action plan that we have decided to make public and on which we regularly communicate our progress. We have made climate change central to our approach. Climate change is both everyone's business individually and our collective responsibility. As a company, we need to have the most positive impact possible, which means reducing our footprint to a minimum. As a professional shareholder, our mission is to protect and to support our companies as they face the future. The success of our strategy depends on the commitment of our investment team, which has contributed greatly to developing that strategy. For this reason, we make sure we include Wendel's own operations in our commitments, because there is necessarily a connection between who we are and how we invest.

Wendel has always been a direct participant in the economy. We are convinced that a company cannot win in a world that loses. This is the meaning of our *raison d'être* and the way we live it on a daily basis is presented in this document.

**« Anticipate, innovate and, if necessary, question itself.»**

**André François-Poncet and David Darmon,  
Group CEO and Group Deputy CEO**



# Our business model

## MISSION

Wendel works with entrepreneurial management teams to develop leaders for the long term



## VALEURS

Engagement  
Excellence  
Entrepreneurial spirit



## GOVERNANCE

### Supervisory Board

- 12 members, including 6 members of the Wendel family and 1 employee representative
- 45% independent members
- 45% women
- Audit, Risk and Compliance Committee
- Governance and Sustainable Development Committee

### Executive Board

- 2 members appointed by the Supervisory Board for 4-year terms

### Committees

- Investment Committee
- Management Committee
- Coordination Committee



## ESG STRATEGY

### Promote excellence and commitment

- Adhere to the highest standards in governance, ethics, environment and operational management
- Foster employability, inclusion, well-being and commitment through concrete actions

### Build sustainable companies

- Invest to support and transform companies with respect for the environment and society

### Lead by example in addressing ESG challenges

- Compliance program including Sapin II requirements
- Carbon footprint and actions to reduce its carbon footprint
- Responsible purchasing practices

### Sponsorship

- Partnership with INSEAD since 1996
- Founding sponsor to Centre Pompidou-Metz since 2010
- Philanthropic Committee



## RESOURCES



### PERMANENT CAPITAL

#### Family shareholding

**39.1%** held

by Wendel-Participations and related parties\* (reference shareholder)

#### Employee shareholding

**74.5%** shareholders employees owning 0.9% of capital

#### Individual investors

**19.3%** of capital held by nearly 23,000 individuals

#### Institutional investors

**35.2%** of capital held, across 30 countries

#### Bond investors

accounting for **€1.7 billion**

### HUMAN RESOURCES

- **90** employees based in Paris, Casablanca, London, Luxembourg, New York and Singapore
- **52%** of the total staff are women
- **21%** of investment team members are women

## OUR INVESTMENTS



Wendel invests its capital, as the majority or lead shareholder, in companies which are leaders in their sectors or have the potential to rise to the top. As it assists these companies, Wendel promotes responsible, sustainable growth for the long term.



### BUREAU VERITAS

Certification and inspection services  
Since 1995



### CONSTANTIA FLEXIBLES

Flexible packaging  
Since 2015



### CRISIS PREVENTION INSTITUTE

Training services  
Since 2019



### CROMOLOGY

Decorative paints  
Since 2006



### IHS TOWERS

Telecoms infrastructure  
Since 2013



### STAHL

High-performance coatings and leather-finishing products  
Since 2006



### TSEBO

Business services  
Since 2017

### WENDEL LAB

Investments in innovation  
Since 2013

### OTHER ASSETS

## VALUE CREATED WITH AND FOR STAKEHOLDERS



### Measurement of value creation

- Over €9 billion of gross assets
- Over €5 billion in market capitalization
- Net Asset Value (NAV) of €166.30 per share on 12/31/2019, or a 12.8% increase
- Overall yield (dividends re-invested) of 11.8% per annum since 06/13/2002



### Support for companies

- Active and ongoing assistance, discussions on risk taking, sharing of experiences and pooling of financial and technical expertise
- Representation on the companies' boards of directors and key committees



### Shareholder dialogue

- Institutional investors: 370 meetings
- Wendel Shareholder Advisory Committee: 3 meetings
- Letter to shareholders: 3 letters
- Governance roadshows
- Lead director



### Employee development and value sharing

- 16.5 hours of training per employee
- Profit-sharing agreement, group employee savings plan, collective pension fund
- Supplementary pension plan
- 94% employees were awarded stock options and performance shares
- Reimbursement of daycare expenses
- Supplemental insurance, contingency benefits

## Wendel and ESG performance

**For some time, Wendel has believed that environmental, social and governance standards (ESG) constitute a driver for sustainable growth.**

This certainty is rooted in the Wendel culture and has been guiding its vision as an investor for the long term. This has led Wendel to continue to encourage its companies to consider ESG performance in their new product and services development, in their operational and human resources management and in their procurement. The partnership between Wendel and the management teams of portfolio companies relies on the commitment to driving performance on several crucial extra-financial matters, including occupational health & safety and ESG innovation.

For nearly a decade, Wendel's Sustainable Development Team and ESG Committee have been implementing and developing initiatives to increase the Group's ESG performance as well as transparency and the quality of its extra-financial information. In 2019, Wendel's long-standing efforts were recognised by the external extra-financial ratings agencies who assessed the performance of Wendel.

On the basis of these solid foundations, Wendel's Executive Board and Supervisory Board expressed in 2019 a renewed ambition to further develop Wendel's ESG approach, into a strategic pillar, aligned with its values and history.

This ambition was welcomed and rolled out by Wendel's teams with enthusiasm and commitment, guided by the eagerness to lead by example and to cultivate trustworthy relationships with all of the Group's stakeholders.

Wendel's mission in terms of ESG performance, outlined in this Universal Registration Document, is the fruit of intense collaborative work carried out through internal and external consultations with the help of ESG experts:

- almost all Wendel's employees participated in interactive workshops about the Group's values and corporate purpose. These workshops were held in a Group seminar dedicated to the sustainable development and digitalization of Wendel and of its subsidiaries;
- in-depth one-to-one interviews were carried out with over 30 stakeholders across all functions and levels of seniority, including independent members of the Supervisor Board, Wendel's executive team and Wendel family representatives;
- interviews with the management teams of the portfolio companies and Wendel representatives on their Board of Directors were carried out to assess the ESG maturity of the portfolio companies.

---

**W**e aim to further develop our ESG approach to make it a strategic pillar aligned with our values and history

# Corporate purpose and values

As part of the definition of its ESG strategy, Wendel carried out work to define its corporate purpose. At this time, the Wendel values were reviewed following a consultation with the company's internal stakeholders.

## Purpose

Engaging with entrepreneurial teams to build sustainable leading companies.

## Values

### The sense of commitment

**First of all engagement means a high sense of responsibility towards Wendel's people, companies, shareholders and other stakeholders.**

Wendel's most notable feature as an investor is its engagement. Over the last few months, Wendel has extended this commitment by increasing its support to the portfolio companies. Wendel's steadfast commitment makes it a unique investor: Wendel builds for the long term. Every decision is made with long-term interests in mind. Strategies employed by Wendel include providing Wendel's managerial input, supporting acquisitions and capital expenditure and constantly focusing on innovation. Wendel also pays special attention to developing the employability of its people. Investing for the long term also generally means supporting and assisting companies through difficult times wherever possible.

Wendel's engagement is based on responsibility, trust, and genuine relationships. Wendel knows its people and its companies.

### The duty of excellence

**Wendel's founding family has stood by for more than three hundred years old.** The firm's long life can be attributed to its culture of excellence, achieved by building trust, rewarding those who remain reliable and setting high standards and upholding commitments. First and foremost, excellence implies open-mindedness and curiosity that push teams to stretch boundaries.

Wendel strives to apply this excellence in its operational and financial discipline and in all investment analyses Wendel's teams carry out. As a listed company, Wendel commits to act as a role model to unlisted companies in its portfolio.

### The entrepreneurial mindset

**For Wendel, Entrepreneurial Mindset indicates a certain state of mind and a behavior that combines courage and reasoned boldness yet being responsible** as well as a desire to create something useful for staff, for companies and for communities.

7

---

**O**ur engagement is based on responsibility, trust, and genuine relationships.

## Wendel's ESG approach

**W**endel's ESG approach is based on responsibility and is rooted in a firm belief in the core values of engagement, excellence, and entrepreneurial mindset. Those values drive Wendel's behavior both as a company and an investor to deliver its mission: **partnership with talented management teams to build companies committed to sustainability, whose performance in the long term will create lasting value for all stakeholders.**

In order to successfully carry out its mission, Wendel has defined a new ESG strategy. As a professional shareholder investing for the long term, the Group believes that it can positively impact society and contribute to a sustainable future. Wendel has the desire and ambition to become a role model for its corporate peers, with a responsible attitude to the way in which it manages its projects and supports its companies in their transformation towards sustainability leadership.

In practice, Wendel adopted an ESG 2023 roadmap based on two pillars: ① its corporate behavior, including its engagement towards its people and communities; and ② its investment and portfolio management strategies. It presents the strong commitments Wendel has made for the whole Group as well as clear, measurable goals that have been set to improve its ESG performance as well as that of the companies in its portfolio.

Wendel has also allocated the necessary resources to enable its teams and companies to meet new expectations

---

**W**e are partners to committed leadership teams serving leading sustainable companies.



## ESG 2020-2023 roadmap: lead by example



Uphold the highest  
governance, ethics,  
environmental and operational  
management standards

Foster employability,  
inclusion, wellbeing,  
and engagement through  
concrete actions

Invest to support the prosperity  
and transformation of companies  
that are respectful of society  
and the environment

9

## Strong commitments based on four priorities



Equality  
and diversity



Climate



Health and safety  
of employees  
and consumers



Sustainable and/  
or eco-designed  
products  
and services

# Our ambitions

1

Wendel as a responsible company

## EMPOWER EXCELLENCE AND ENGAGEMENT

### Uphold the highest governance, ethics, environmental and operational management standards

Wendel has made important commitments to ensure that its internal operations are conducted according to its values and the ESG goals defined within the portfolio companies. First and foremost, Wendel ensures that integrity and transparency characterize everything the Group does. As a professional shareholder and a public company, Wendel promotes exemplary governance and risk management. At Wendel's level, this aim is primarily reflected in a solid governance structure comprised of two distinct bodies, built upon clear rules and open dialogue. Wendel's Code of Ethics is also central to this commitment. It embodies the values of the Company's employees and shareholders, supplies

the frame of reference for Wendel's role as an investor and formalizes its strong commitment to human rights. Faced with the reality of current pressing environmental and social challenges, Wendel is also committed to positively impacting society, whether through its own supply chain and operations.

### Actions

- Code of Ethics update to explicitly formulate its strong commitment to Human Rights, across its value chain.
- A carbon footprint assessment.

10

Wendel is committed to promoting the Sustainable Development Goals established by the United Nations

Wendel has drawn up a list of the objectives on which the Group has the greatest impact among the list of the Sustainable Development Goals established by the United Nations.



Substantially increase the number of youth and adults who have relevant skills, for employment, decent jobs and entrepreneurship, by 2030.



Promote development-oriented policies and encourage the formalization and growth of small-sized enterprises, including through access to financial services.



Ensure women's full and effective participation and equal opportunities for leadership.



Encourage companies, especially large and transnational companies, to adopt sustainable practices.



Take urgent action to combat climate change and its impacts.

**W**e make sure that we do everything with integrity and transparency.

## **Foster employability, inclusion, wellbeing, and engagement through concrete actions**

Wendel's people are essential assets and are key to its success. Therefore, Wendel is hereby committing to enhancing their employability by investing in their development and training. The Company strives to make Wendel a stimulating workplace by promoting inclusion and wellbeing. It also works to have a positive impact on its communities and to foster community engagement for its employees through tangible and meaningful initiatives.

Following in-depth work conducted by Wendel in 2019 on training, a career development program has been rolled out to enable everyone to fulfil his/her professional goals, both at Wendel and beyond. In a rapidly changing world, truly lasting employability is achieved through regular upskilling and reskilling. Wendel believes that fostering employability is its responsibility as an employer.

Wendel is deeply convinced of the virtues of diversity, which it sees as a vector of performance. In particular, improving gender balance will be a priority at all levels. A Diversity Task Force, which convenes at Wendel with representatives of all key functions and

offices, will drive initiatives to reach this balance. Similarly, engagement and wellbeing at work are essential for everyone to express his/her full potential. To understand the issues truly impacting Wendel's people, internal surveys will be conducted every other year and the results will be carefully analyzed to build action plans which will help to continuously improve its employer brand.

Finally, in recognition of the importance of supporting communities in which it is developing, Wendel is committed to maintaining and strengthening its philanthropic approach and to setting up skills-based sponsorship programs to enable its teams to directly contribute to causes aligned with both theirs and Wendel's values.

---

### **Actions**

- Signatory of the France Invest Parity charter.
- Conducting a survey on psychosocial risks.
- Commitment to answer to extra-financial ranking.

---

**W**e take a pragmatic approach  
and cultivate a mindset  
of constant innovation.

## 2

Wendel, investing for the long term

### BUILDING SUSTAINABLE COMPANIES

#### Invest to support the prosperity and transformation of companies that are respectful of society and the environment

ESG performance is embedded in Wendel's mindset as an investor. It believes that a stringent ESG approach to investment is the most relevant to upholding its responsibility vis-à-vis its shareholders and stakeholders. The investment opportunity assessment framework that it uses sets out a prerequisite for any new investment, the alignment of the company's activity with Wendel's values and corporate purpose and an assessment of long-term resilience.

Its permanent capital and the stability of its shareholder base gives it the time and ability to carefully develop and transform companies in which it invests.

Wendel sees its commitment to the continuing prosperity of its companies as a legacy of long history and deeply rooted values.

As an investor for the long term, Wendel's key goal is to support and transform companies with the potential to develop in a changing world and to deliver both return on investment to its shareholders and lasting benefits to society.

In other words, Wendel believes that taking ESG criteria into account for its investment activity helps to create near-term, medium-term and long-term value, without sacrificing the future for the present. Wendel believes that this balance requires a pragmatic approach and a desire for lasting innovation. In concrete terms, this translates into:

- a thorough analysis of long-term trends, as well as of Environment, Social, and Governance risks, impacts, and opportunities prior to any investment;
- the promotion of policies and decisions that promote long-term growth for its portfolio companies and which engage all their stakeholders in shared and sustained value creation;
- the sharing of its best responsible investment practices by evidencing the ESG progress made by the company during the investment.

#### Actions

- Signing of the six principles of the UN PRI.
- A portfolio review of ESG maturity.

#### Summary of Wendel's Investment Exclusion Policy

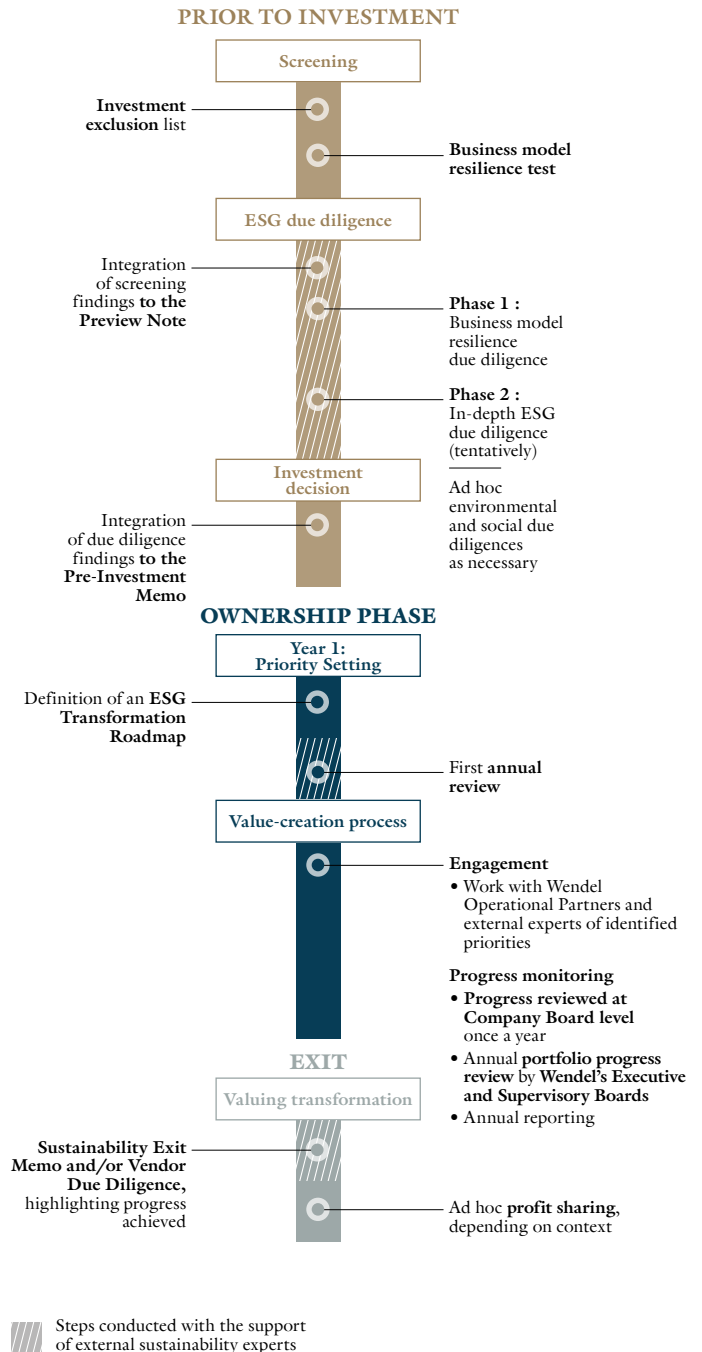
Wendel has formalized an Investment Exclusion Policy which applies to all new investments following the signature of this policy by Wendel's Executive Board on March 11, 2020. In addition to refraining from investing in entities involved in the production, marketing or use of, or trade in, illegal products or activities, Wendel will also not invest in entities directly and significantly involved in the production, distribution, marketing or trading **in tobacco, in pornography, in controversial weapons\***, in gambling facilities or products, in coal mining and coal-based power generation, in drugs for recreational use.

**O**ur aim is to support and transform companies that have the potential to grow in a changing world.

\* As defined by the Treaty on the Non-Proliferation of Nuclear Weapons (1968), the Biological Weapons Convention (1975), the Chemical Weapons Convention (1997), the Ottawa Treaty (1997) on anti-personnel mines, the Convention on Cluster Munitions (2008).

## Integration of ESG throughout the investment cycle

- Prior to investment:** all investment opportunities are systematically assessed through a newly defined exclusion list and a business model resilience test. The ESG maturity of the companies is then assessed as part of an in-depth Sustainability due diligence.
- During the holding period:** an ESG transformation roadmap is defined for each portfolio company, based on ESG due diligence carried out in advance. This roadmap systematically includes items related to operational eco-efficiency with a strong focus on climate change issues as well as the ESG innovation of products and services. Investment teams at Wendel and portfolio companies' management teams are also held accountable for progress against this roadmap with an alignment of variable remuneration with performance.
- At exit:** the transformation achieved within the company will be highlighted and showcased through an exit memo and presented to the Supervisory Board. When circumstances allow it, Wendel ensures wherever possible, that it associates the teams of the divested company with the value created.






# ESG 2023 roadmap: lead by example



## 1

### EMPOWER EXCELLENCE AND ENGAGEMENT

Uphold the highest governance, ethics, environmental and operational management standards

Commitments		2023 targets	KPIs
 <p><b>GOVERNANCE AND ETHICS</b></p>	<p>Ensure that Wendel employees have the best tools and culture to work in an ethical manner by providing annual training and by supporting the deployment of robust compliance programs</p>	<ul style="list-style-type: none"> <li>• 100% of new employees sign Wendel's Code of Ethics upon arrival</li> <li>• 100% of employees signed Wendel's Code of Ethics during the year</li> <li>• 100% of employees follow a Wendel annual Business Ethics training course</li> <li>• Review and strengthen the Code of Ethics annually at Executive Board level to ensure that compliance with the highest standards</li> <li>• Ensure that the robustness of the Anti-Corruption Program receives a satisfactory audit assessment annually</li> </ul>	<ul style="list-style-type: none"> <li>• % of new employees having signed the Ethics charter</li> <li>• % of employees having followed Wendel's annual Business Ethics training course</li> <li>• Annual review of the Code of Ethics at the Executive Board level</li> <li>• Annual audit of Wendel's Anti-corruption Programme</li> </ul>
 <p><b>SOCIAL AND ENVIRONMENT</b></p>	<p>Carefully select and collaborate with suppliers to ensure that they adhere to the Wendel ESG standards</p>	<ul style="list-style-type: none"> <li>• Deploy a Responsible Procurement approach</li> </ul>	<p>Performance indicator to be defined</p>
 <p><b>ENVIRONMENT</b></p>	<p>Minimize Wendel's direct environmental impact and carbon footprint by making eco-efficiency a priority in decision-making factor</p>	<ul style="list-style-type: none"> <li>• Conduct an annual carbon footprint assessment and reduce Wendel's carbon footprint by:                             <ul style="list-style-type: none"> <li>• supplying 100% renewable energy to Wendel offices globally</li> <li>• offsetting all greenhouse gas (GHG) emissions that cannot either be avoided or further reduced</li> <li>• offsetting travel-related carbon emissions</li> </ul> </li> <li>• Promote circular solutions and minimize office waste going to landfill</li> <li>• Deploy a plan to reduce the use of paper across all offices</li> </ul>	<ul style="list-style-type: none"> <li>• Intensity of GHG emissions (Scopes 1 + 2 + 3) per employee</li> <li>• % of renewable energies in Wendel's total energy consumption</li> <li>• % of emissions offset (ratio between Direct (Scopes 1 &amp; 2) and emissions offset)</li> <li>• % of employees covered by a waste sorting system</li> <li>• Recycled waste volume per employee</li> <li>• % of reduction of paper used</li> </ul>

## Foster employability, inclusion, wellbeing, and engagement through concrete actions

Commitments	2023 targets	KPIs
 <p><b>GOVERNANCE</b></p> <p>Nurture diversity and inclusion to expand the teams' perspectives and skills range</p>	<ul style="list-style-type: none"> <li>• Add ESG as a key mission of Wendel Supervisory Board and Wendel Governance and Sustainability Committee</li> <li>• Maintain or achieve gender balance, defined as maintaining a percentage of females within the workforce of between 30 and 60%:               <ul style="list-style-type: none"> <li>• among all Wendel employees</li> <li>• among employees in management positions</li> <li>• among Executive Board and/or Investment Committee and/or Management Committee and/or Coordination Committee</li> <li>• at Supervisory Board level</li> </ul> </li> <li>• Sign France Invest Diversity charter</li> <li>• Deploy initiatives to spark conversations and inspire change</li> <li>• Hold annual equal opportunity reviews</li> </ul>	<ul style="list-style-type: none"> <li>• Number of meetings of Wendel Governance and Sustainability Committee dealing with ESG related matters</li> <li>• % of women:               <ul style="list-style-type: none"> <li>• among employees</li> <li>• among investment teams</li> <li>• on Executive Board and/or Investment Committee and/or Management Committee and/or Coordination Committee</li> <li>• on Supervisory Board</li> </ul> </li> <li>• Professional equality between men and women Index results</li> <li>• France Invest Gender Diversity charter signer</li> <li>• Number of initiatives to reinforce diversity and non-discrimination</li> <li>• Number of times topics related to diversity have been reviewed during the year in Wendel's governance bodies (Committees, Executive Board, Supervisory Board)</li> <li>• Number of meetings of Gender and Diversity Taskforce of Wendel annually</li> <li>• Wage gaps between men and women reviewed during the year by Wendel's Governance bodies</li> <li>• Promotion and appointment mechanisms reviewed during the year by Wendel's Governance bodies</li> <li>• Men/Women hire rates reviewed during the year by Wendel's Governance bodies</li> </ul>
 <p><b>SOCIAL</b></p> <p>Equip the teams with lasting professional skills by providing all Wendel employees with a personalized career development plan and professional mentorship</p>	<ul style="list-style-type: none"> <li>• 100% of employees have formalized a skills development plan</li> <li>• 100% of employees are offered the possibility to benefit from at least 8 hours per year of non-regulatory training, in alignment with their career development plan objectives</li> <li>• 100% of employees benefit from regulatory trainings to acquire general or technical skills necessary for their performance at Wendel</li> </ul>	<ul style="list-style-type: none"> <li>• % of employees:               <ul style="list-style-type: none"> <li>• trained (regulatory and non-regulatory trainings)</li> <li>• with a skills development plan</li> <li>• are offered the possibility to benefit from at least 8 hours per year of nonregulatory training, in alignment with their career development plan objectives</li> </ul> </li> <li>• Training hours (regulatory and non-regulatory) per employee</li> </ul>
<p>Promote wellbeing to enable employees to reach their full potential</p>	<ul style="list-style-type: none"> <li>• Formalize and deploy employee wellbeing at work action plans</li> </ul>	<ul style="list-style-type: none"> <li>• Employees wellbeing initiatives number</li> </ul>
 <p><b>SOCIAL AND ENVIRONMENT</b></p> <p>Enable the teams to contribute to causes aligned with Wendel's values</p>	<ul style="list-style-type: none"> <li>• Offer the opportunity to contribute one day per employee per year to nonprofit organizations operating in communities where Wendel is present</li> <li>• Establish long-term partnerships with at least two organizations</li> </ul>	<ul style="list-style-type: none"> <li>• Number of hours of pro bono days or community service work performed by Wendel employees during normal working hours (yearly)</li> <li>• Number of long-term [&gt; 2 years] partnerships formalised with non-profits [with location]</li> <li>• € donated to different community/ philanthropic projects</li> </ul>

2

**BUILDING SUSTAINABLE COMPANIES**



**Invest to support the prosperity and transformation of companies that are respectful of society and the environment**

Commitments	2023 targets	KPIs
<p>Screen all potential investments using an up to date exclusion list reflecting Wendel's values as an investor</p>	<ul style="list-style-type: none"> <li>• 100% of investment opportunities screened through Wendel's exclusion list and business model resilience test criteria</li> <li>• Annual review of Wendel's exclusion list at Investment Committee and Supervisory Board levels</li> </ul>	<ul style="list-style-type: none"> <li>• % of investment opportunities screened through Wendel's exclusion list</li> <li>• Review of the Exclusion List by Investment Committee and Supervisory Board annually</li> </ul>
<p>Conduct ESG due diligence on business model resilience for all potential investments to confirm that the investment thesis is aligned with long-term trends, and full, in-depth ESG and compliance assessments on all new investments</p>	<ul style="list-style-type: none"> <li>• 100% of investment opportunities subject to ESG assessment</li> </ul>	<ul style="list-style-type: none"> <li>• % of investment opportunities having undergone a phase 2 in-depth ESG and compliance due diligences</li> </ul>
<p>Define precise ESG roadmaps for all portfolio companies</p>	<ul style="list-style-type: none"> <li>• 100% of portfolio companies have formalized an ESG transformation roadmap aligned with their global strategy</li> <li>• 100% of portfolio companies' progress vis-à-vis this roadmap is reviewed at Company Board level once a year</li> <li>• Overall portfolio progress vis-à-vis their ESG transformation roadmaps is reviewed at Wendel Executive Board level annually</li> <li>• Overall portfolio progress vis-à-vis their ESG transformation roadmaps is reviewed at Wendel Supervisory Board level annually</li> </ul>	<ul style="list-style-type: none"> <li>• % of portfolio companies:                             <ul style="list-style-type: none"> <li>• with an ESG Transformation Roadmap</li> <li>• for which progress vis-à-vis this Roadmap is reviewed at Company Board level once a year</li> </ul> </li> <li>• % of ESG Transformation Roadmaps reviewed annually by:                             <ul style="list-style-type: none"> <li>• Wendel's Executive Board</li> <li>• Wendel's Governance and Sustainability Committee and/or Wendel's Supervisory Board</li> </ul> </li> </ul>



GOVERNANCE



Commitments	2023 targets	KPIs
 <p><b>GOVERNANCE</b></p> <p>Hold Wendel and portfolio companies management teams accountable for progress made against ESG transformation roadmaps</p> <p>Continuously improve the quality of extra-financial portfolio-level information disclosure</p>	<ul style="list-style-type: none"> <li>• 100% of portfolio companies' Executive Management teams' variable compensation is partially conditional on progress vis-à-vis their ESG transformation roadmaps</li> <li>• Wendel's Executive Board's variable compensation is partially conditional on overall portfolio companies' progress vis-à-vis their ESG transformation roadmaps (including climate change and gender equality)</li> <li>• 100% of Wendel's Management Teams' variable compensation is partially conditional on overall portfolio companies' progress vis-à-vis their ESG transformation roadmaps</li> <li>• Progressively align Wendel's annual extra-financial reporting with international standards, such as the Task Force of Climate Disclosure (TCFD) reporting framework</li> </ul>	<ul style="list-style-type: none"> <li>• % of portfolio companies' CEOs whose variable compensation is conditional on progress vis-à-vis defined ESG Transformation Roadmaps</li> <li>• % of variable compensation of Wendel's Executive Board members which is conditional on ESG strategy acceleration (including overall portfolio progress on ESG transformation roadmaps)</li> <li>• A share of the Coordination Committee members' variable compensation is conditional on overall portfolio progress vis-à-vis defined ESG Transformation Roadmaps</li> <li>• Annual PRI score</li> <li>• Alignment with the TCFD</li> </ul>
 <p><b>SOCIAL AND ENVIRONMENT</b></p> <p>Assess and address the portfolio companies' exposure to transition and physical climate risks</p> <p>Promote operational excellence and ESG-driven innovation across the portfolio companies</p>	<ul style="list-style-type: none"> <li>• 100% of portfolio companies have assessed their carbon footprint</li> <li>• 100% of portfolio companies have assessed their exposure to physical and transition climate change risks and opportunities</li> <li>• 100% of companies are committed towards a better gender diversity in their workforce</li> <li>• 100% of portfolio companies have adopted a continuous improvement approach towards occupational Health and Safety</li> <li>• 100% of companies are committed towards a better gender diversity in their workforce</li> <li>• 100% of portfolio companies have identified product and services impact priorities and defined associated action plans</li> </ul>	<ul style="list-style-type: none"> <li>• % of companies: <ul style="list-style-type: none"> <li>• calculating their Scopes 1 &amp; 2 GHG emissions</li> <li>• that estimated their Scope 3 GHG emissions over the last 4 years</li> <li>• that set and communicated publicly on quantitative targets to reduce GHG emissions</li> </ul> </li> <li>• <del>100%</del> of portfolio companies that assessed their exposure to risks and opportunities of physical and transition risks related to Climate Change</li> <li>• <del>100%</del> of portfolio companies: <ul style="list-style-type: none"> <li>• that implemented actions to reinforce their eco-efficiency and their environmental management</li> <li>• adopted a continuous improvement approach for occupational health and safety</li> <li>• are committed to a better gender balance in their teams</li> <li>• have identified priorities to offer sustainable products and services and have defined associated action plans</li> </ul> </li> <li>• % of companies that have : <ul style="list-style-type: none"> <li>• an environmental management system (notably through ISO 14001 certification) on all or part of the perimeter</li> <li>• a Health&amp;Safety management system (notably through OHSAS 18001/ ISO 45001 certification) on all or part of the perimeter</li> </ul> </li> <li>• Lost-time work accident frequency rate (for 1,000,000 hours worked)</li> <li>• % of women: <ul style="list-style-type: none"> <li>• in total headcount</li> <li>• in management</li> <li>• in shareholding bodies (Company Board, Supervisory Board)</li> <li>• in first operational bodies (Executive Board)</li> </ul> </li> <li>• % of sales associated with sustainable products and services</li> <li>• % of ESG-driven R&amp;D projects (in amount spent)</li> </ul>



## Bureau Veritas

### Certification and inspection services

Wendel's participation: 35,9%

18

**Its mission:** Bureau Veritas is a business-to-business company whose role is to build trust between companies, consumers, and governments by promoting responsible growth.

**Its goal:** increase its clients' impact in terms of quality, health and safety, the environment, and social responsibility.

**Its commitments:** Circular+ is a specific ESG offering that responds to companies' need to rethink their work surrounding sustainable development and to accelerate their shift toward the circular economy. In 2019, sales from this offering increased by 15%.

Bureau Veritas also supports its clients in areas like energy management, commodities risk, health and safety, ethical commerce, and specific frameworks designed for different sectors to promote sustainability and the development of reliable, sustainable technological solutions.

---

**Main extra-financial goals as of 2020**

Health and safety goal <sup>(1)</sup>:  
- **50%** accidents

Inclusion goal:  
get to **25%**  
of executive roles  
held by women

CO<sub>2</sub> goal <sup>(2)</sup> :  
• **-10%** CO<sub>2</sub> emissions per employee  
• **+10%** use of renewable energy  
• Reach **75%** of company's activities ISO-14 certified



## Constantia Flexibles

### Flexible packaging

Wendel's participation: 60,6%

19

**Its mission:** Constantia Flexibles produces flexible packaging solutions primarily intended for the consumer goods and pharmaceutical industries. This means the company deals heavily with various environmental, social, and industrial challenges.

**Its goal:** move the packaging industry forward by investing in innovative technologies.

So, Constantia Flexibles has committed to making all its consumer goods and pharmaceutical industry packaging products 100% recyclable (currently 60%) by 2025.

**Its commitments:** the four “Ps” that make packaging a force for sustainability (Preserve/Protect/Promote/Present).

---

**In 2019, Ecoflex-Ahmedabad opened in India.** This is first plant in the world dedicated exclusively to the production of recyclable and environmentally friendly packaging

---

**CDP (Climate Disclosure Project) climate score: A,** which makes this company among the most active and transparent in terms of reducing their CO<sub>2</sub> emissions

---

**Gold medal from EcoVadis,** an independent ESG rating platform, for its commitment to sustainable development. This medal puts the company in the top 5% of companies rated by EcoVadis with the best social performance



## Cromology

### Decorative paints

Wendel's participation: 95,9%

20

**Its mission:** to sustainably protect and improve living spaces by developing products that are more environmentally friendly over their life cycle and that meet requirements for “high quality environmental standard” (HQE) construction sites.

**Its goal:** reduce Volatile Organic Compounds (VOCs) emitted due to its products.

**Its commitments:** safety and social progress for employees and sub-contractors, nature conservation, and dialog with civil society.

**Its strategy:** strengthen its environmental management, optimize resource usage, and limit its environmental impact across the board.

---

**100%** of industrial sites health and safety certified (OHSAS 18001)

---

**60%** of sales of less than three-year-old products created with environmentally certified products

---

**80%** of sales generated from water-based products



## Stahl

### High-performance coatings and leather-finishing products

Wendel's participation: 67,5%

21

**Its mission:** bring beauty, comfort, practicality, and durability to leather and a wide range of other everyday materials.

**Its goal:** make its production more sustainable and environmentally friendly. Of note, the company launched its first water-based finishing products in 1978! This challenge is crucial in the long term because this is a sector that uses chemicals and processes that rely largely on human input.

**Its commitments:** reduce its greenhouse gas emissions by 10% by 2020 and concentrate its research efforts on the development of water-based products, which pollute less than chemical solvents.

---

**1,200 products** with the highest of the three levels of certification from ZDHC Gateway - Chemical Module (ZDHC, Zero Discharge of Hazardous Chemicals, is a clothing industry initiative)

---

**Zero coal used** in the Stahl factories in 2019

---

**2019:** 25% reduction in CO<sub>2</sub> emissions compared to 2015 (Scopes 1 and 2)



## Tsebo

### Business services

Wendel's participation: 63,8%

22

**Its mission:** offer service solutions for companies that help them succeed while also making life better for their employees and communities.

**Its goal:** create economic and social value for populations and communities in Africa. Make sure to protect the environment and communities' interests by placing sustainable development at the heart of the company's activities. In doing so, the company contributes to collective well-being.

**Its commitments:** prioritize people and the environment, in particular by creating economic and social value for communities, emphasizing socially responsible investment, and fighting food waste.

Tsebo was the first major South African company to obtain a level-one B-BBEE rating under the new rating system. That gives a boost to its reputation as a company that complies with South African regulations on diversity and strictly follows the Employment Equity Act (EEA) conditions.

---

Shareholder governance:  
**60% independent/  
60% women**

---

Operational governance:  
**23% women**

---

**99% of purchases**  
in South Africa are local

---

**98% of employees**  
come from local communities

---

**SmartChoices:**  
a nutrition and education  
program that promotes  
healthy, balanced school  
meals that meet the needs  
of growing children



**Design and production**

All Contents – June 2020

**Photo credits**

Henrike Stahl, Bureau Veritas,

Constantia Flexibles,

Cromology, Stahl, Tsebo

 [www.wendelgroup.com](http://www.wendelgroup.com)

 [@WendelGroup](https://twitter.com/WendelGroup)

 [Wendel](https://www.linkedin.com/company/wendel)

 [WendelGroup](https://www.youtube.com/WendelGroup)



WENDEL