WENDEL

2020

Universal Registration Document

including the annual financial report

INVESTING FOR THE LONG TERM

Contents

WENDEL

Universal registration document 2020

This Universal registration document contains the entire contents of the annual financial report and the non-financial performance statement.

Profile

The Wendel Group is a professional shareholder and investor that fosters sector-leading companies in their long-term development.

Committed to a long-term relationship, Wendel helps design and implement ambitious and innovative development strategies that create significant value over time.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The French language version of the Universal registration document was filed on April 15, 2021 with the Autorité des Marchés Financiers (AMF), as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal registration document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal registration document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This is a free translation into English for information purposes only. Only the original French version can be used to support abovementioned transactions.

OUR MISSION

Wendel works alongside entrepreneurial management teams to build industry leaders with a long term perspective.

Wendel is one of Europe's most prominent listed investment firms. We are positioned as a specialist in long-term equity investments and as a majority or top-ranking investor. Our focused portfolio, the stability of our permanent capital and our strong balance sheet enable Wendel to work with management teams to implement its strategy as a committed investor over the long term. With more than three centuries of experience, Wendel, in which the founding family continues to play a key role as the majority shareholder, consistently carries the values that have forged its success: Engagement, Excellence and Entrepreneurial spirit. With their rich and wide-ranging expertise and backgrounds, its teams provide active and attentive support to its companies. Wendel's goal is to build international and lasting leaders in growing industries. Major strategic and organizational successes attest to the value of this approach: Bureau Veritas, Capgemini, Legrand, bioMérieux, Stallergenes Greer, Editis, Deutsch Group, Stahl and Allied Universal, for example.

OUR VALUES

Three centuries of experience have forged solid values of Engagement, Excellence and Entrepreneurship at Wendel. The strategic and organizational successes which have marked its history testify to these qualities. Today, the Group's teams are committed to being ambassadors of these values, distinguished also by extensive expertise in services, industry and finance.

ENGAGEMENT

At Wendel, engagement is not an abstract notion. It is reflected in a great sense of responsibility towards its employees, its portfolio companies and its stakeholders. For Wendel, it is not enough to affirm its respect for all those who contribute to the Group's success, it must also demonstrate this on a daily basis. As a result, Wendel makes its decisions with the long-term interests of the companies it supports in mind. Wendel knows that every company's growth trajectory is different and that complicated situations require a tailored, thoughtful approach.

EXCELLENCE

Continuous improvement. Wendel applies this standard as rigorously as possible. Three centuries of success, and sometimes of adversity, have validated this approach. Wendel recognizes and supports promising companies and talented executives, knowing that they are the ones who build the future. Wendel is convinced that to be sustainable, a company must never depart from excellence. It must always provide its customers with products and services at the cutting edge of quality and innovation.

ENTREPRENEURIAL SPIRIT

For Wendel, entrepreneurial spirit is a combination of boldness and, depending on the context, resilience. It draws on a far-sighted vision of the future and market expectations. This entrepreneurial spirit provides an impetus that drives the Group to support sustainable companies that create goods and services that are useful to as many people as possible.

Business model as of December 31, 2020

MISSION

Wendel works alongside entrepreneurial management teams to build industry leaders with a long term perspective

VALUES

Engagement
Excellence
Entrepreneurial spirit

GOVERNANCE

SUPERVISORY BOARD [1]

13 members,
including 6 members of the Wendel family and 2 employee representatives

45% independent members [2]

45% women [3]

Audit, Risks and Compliance Committee

Governance and Sustainability Committee

EXECUTIVE BOARD

2 members appointed
by the Supervisory Board for a 4-year term

COMMITTEES

Management Committee
Investment Committee
Coordination Committee
ESG (Environment, Social, Governance) Committee

ESG STRATEGY

BE A ROLE MODEL EMPOWER EXCELLENCE & ENGAGEMENT

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

Compliance program covering in particular the anti-bribery (Sapin II) law

98% of employees trained in business ethics

Carbon footprint assessment
and actions to reduce its carbon footprint

Foster employability, inclusion, wellbeing, and engagement of the employees through concrete actions

Signatory of the **France Invest Parity charter**

Employee surveys and initiatives to promote **quality of life at work**

Skills **sponsorship program**

BUILD SUSTAINABLE COMPANIES

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

100% of investment opportunities are audited in coherence with the exclusions list and ESG due diligence

80% of controlled companies have formalized an ESG roadmap (100% among companies acquired more than 18 months ago)

Sponsorships

Partnership with Insead since 1996, with the creation of the Wendel International Center for Family Enterprise

Founding sponsor of the Center Pompidou-Metz since 2010

Wendel Endowment Fund

RESOURCES

PERMANANT CAPITAL

Family shareholding

39.3% of share capital held
by Wendel-Participations SE and related parties [4] (reference shareholder)

Employee shareholding

89.4% employees are shareholders
and own 0.9% of share capital

Individual investors

18.8% of share capital held
by nearly 23,000 individuals

Institutional investors

37.7% of share capital held,
in 37 countries

Bond investors

accounting for **c. €1.6 billion**

HUMAN CAPITAL

85 employees
located in Paris, Luxembourg and New York

54% of staff are women

36.8% of investment team members are women

(1) The composition of the Supervisory Board is as of 01/01/2021. (2) Percentage excluding members representing employees. Beyond the requirements of the Afep-Medef Code. (3) Percentage excluding members representing employees; including these members the percentage rises to 53.8%. Beyond the legal requirements and the Afep-Medef Code. (4) In accordance with Article L. 233-10 of the French Commercial Code, the data include Wendel-Participations SE, its Chairwoman, Priscilla de Moustier, and Société Privée d'Investissement Mobiliers (SPIM).

OUR INVESTMENTS

Wendel invests its capital, generally as a 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 verification 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

WENDEL LAB

Investment in innovation
Since 2013

OTHER ASSETS

VALUE CREATED WITH AND FOR STAKEHOLDERS

MEASUREMENT OF VALUE CREATION

Nearly €9 billion of gross assets

Over €4 billion in market capitalization

Net asset value (NAV) of €159.10 per share on 12/31/2020, down only 4.3% in 2020 and only 2.6% when adjusted for the dividend paid in 2020

Overall yield (dividends re-invested) of 10.2% per annum since 06/13/2002 [(5)]

Payment of a stable dividend of €2.80 per share approved by the Shareholders' Meeting on 07/02/2020

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: **250 virtual meetings**

Wendel Shareholder Advisory Committee: **3 virtual meetings**

Letter to shareholders: **3 letters**

Governance roadshows

Independent lead director

EMPLOYEE DEVELOPMENT AND VALUE SHARING

29.5 hours of non-mandatory training per employee

Profit-sharing agreement, Group employee savings plan, collective pension fund

Supplementary pension plan

90% of employees were awarded stock options and/or performance shares

Reimbursement of daycare expenses

Supplemental insurance, contingency benefits

On 12/18/2020, Wendel finalized the sale of the South African company Tsebo to a consortium of investors and to the company's management.
(5) The overall yield is as of 03/31/2021.

Overview as of December 31, 2020

Gross assets
Nearly €9
billion

Net asset value (NAV)
€159.10
per share

317 years
of history

Consolidated net sales
€7,459.20
million

Ordinary dividend
€2.90
per share (1)

More than
40 years
of investment experience

6
portfolio companies

Market capitalization
Nearly €5
billion (2)

85
employees

Financial credit ratings

Standard & Poor's
Long-term: BBB
with stable outlook
Short-term: A-2
Since January 25, 2019

Moody's
Long-term: Baa2
with stable outlook
Short-term: P-2
Since September 5, 2018

Non-financial ratings

SUSTAINALYTICS
Classified as "low risk"
Ranked 14 out of 676 financial companies assessed

MSCI
AA rating, ranked among industry leaders since 2017

CDP
B rating, for its first rating in 2020

GAÏA RATING
Score of 69/100, above the industry average (51/100)

SAM S&P GLOBAL
Inclusion in the Dow Jones Sustainability Index (DJSI)
Only French Diversified Financials company ranked in the DJSI's Europe and World indices
Score of 71/100, above the industry average (30/100)

(1) Subject to approval at the Shareholders' Meeting on 06/29/2021.
(2) The market capitalization is as of 03/31/2020.

Portfolio companies

BUREAU VERITAS

CONSTANTIA FLEXIBLES

CRISIS PREVENTION INSTITUTE

CROMOLOGY

IHS TOWERS

STAHL

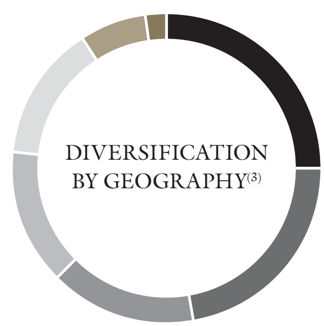
Offices

PARIS

LUXEMBOURG

NEW YORK

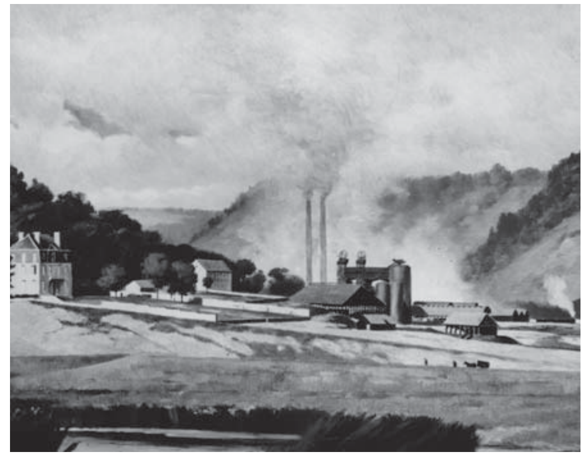
- 22% Telecoms and infrastructure
- 19% Consumer goods
- 12% Energy
- 12% Automotive and transportation
- 10% Other
- 9% Renovation
- 5% Government, administration and education
- 5% New construction
- 4% Industry
- 3% Healthcare



- 25% Africa and other
- 22% Asia-Pacific
- 15% Rest of Europe
- 14% North America
- 14% France
- 7% Latin America
- 2% Eastern Europe

Wendel is listed on the Euronext Paris Eurolist.
(3) Enterprise value exposure of Group companies, according to the breakdown of 2020 revenues. Enterprise values are based on NAV calculations as of 12/31/2020. Companies included are: Bureau Veritas, Constantia Flexibles, Crisis Prevention Institute, Cromology, IHS Towers and Stahl.

Chronology



1815
A NEW DIMENSION
François de Wendel enters public life

François de Wendel acquires the Moyeuvre steel works. With the Restoration, the family reclaims its industrial assets confiscated during the French Revolution and relaunches its activities. François de Wendel goes into politics and is elected member of parliament for La Moselle.

1880
THE AGE OF STEEL
The Thomas process gives birth to the Lorraine steel industry

The Thomas process makes it possible to produce steel from Lorraine ore. Les Petits-fils de François de Wendel & Cie, a company established in 1871, and Wendel & Cie, founded in 1880, rise to the top tier of Europe's steel producers.

1704
THE SAGA BEGINS
Jean-Martin Wendel acquires the Hayange steel works

Between 1704 and 1870, Jean-Martin Wendel and his successors take advantage of innovations related to the industrial revolution: iron smelted with coke, widespread use of blast furnaces and rolling mills, the development of railways, etc.

1859
MF ON THE STOCK MARKET
Marine-Firminy goes public

Originating from the Compagnie des Hauts Fourneaux, Forges et Aciéries de la Marine et des Chemins de Fer, Marine-Firminy is listed on the stock market in 1859. Marine-Wendel purchases Marine-Firminy in 1975 and keeps its stock ticker symbol, MF.

THE

2010S AND 2020S

SERVICES, INDUSTRY AND FINANCE

Wendel, one of Europe's leading listed investment firms

For more than three centuries, the Group has been supported by the Wendel family, its reference shareholder. The Group continues to diversify and invest in companies strongly focused on international development.

2002

NEW MOMENTUM

Diversification into new business sectors

Merger of Marine-Wendel and its subsidiary CGIP. The entity took the name Wendel Investissement, renamed Wendel in 2007. The industry approach and the focus on long-term corporate development help give Wendel a strong, clearly-identified image.

1948

THE POST-WAR PERIOD

The focus is on rebuilding the country

After the destruction of many of its factories during the war, the Group recovers and begins to grow again. The creation of the Sollac production cooperative in 1948, followed by the Solmer cooperative in 1969, help meet the growing demand for sheet steel. In 1975, Wendel produces 72% of French crude steel.

1977

THE ERA OF CHANGE

Diversification begins amid a deepening economic recession

The Group is reorganized. Its non-steel assets are brought together in a new entity: Compagnie Générale d'Industrie et de Participations (CGIP).

2020 highlights

MARCH / On March 11, 2020, the World Health Organization (WHO) declared a pandemic following the emergence of a new virus a few months earlier in Wuhan in the Chinese province of Hubei. On March 17, France entered its first lockdown to slow the spread of Covid-19. For Wendel, the health and safety of employees and their families is a priority. Wendel decides to temporarily close all of the Group's offices. Remote working becomes the norm and teams demonstrate their ability to adapt by remaining operational in the face of an extraordinary situation.

MARCH / **Alexina Portal joins Wendel as Director of Human Resources.** Her arrival reflects the goal of developing human resources into a competitive advantage. Alexina Portal's remit includes an overhaul of HR strategy and procedures, but also the implementation of specific projects in recruitment, training, diversity, employer brand, quality of life at work and organizational culture.

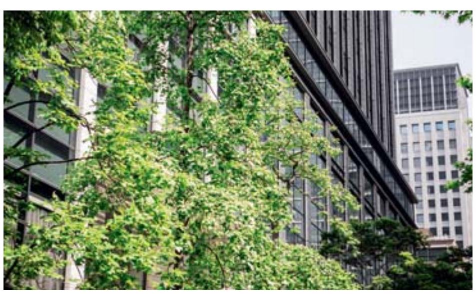
JULY / **In order to exercise moderation during this period of economic and health crisis, Wendel proposes to its Shareholders' Meeting a stable dividend, identical to that paid in 2019.** The Management Board and the members of the Supervisory Board choose to waive 25% of their fixed compensation over three months, in favor of non-profits in France and the United States. In addition, Wendel renews its sponsorship agreement with the Center Pompidou-Metz for five years and reiterates its support for all the NGOs already supported by the Group working in the education and health sectors. Lastly, Wendel launches a skills-based sponsorship program by offering free training hours in the field of violence prevention and management, provided by Crisis Prevention Institute, a portfolio company, to organizations operating in France in the education and health sectors.

JULY / **Thomas de Villeneuve joins Wendel's Supervisory Board.** Since 2016, he has been a Director of Wendel-Participations SE, the reference shareholder of the Wendel Group. Thomas de Villeneuve has extensive expertise in the telecoms, media and technology sectors.

APRIL ⁄ **On April 29, 2020, Wendel sells the remainder of its stake in Allied Universal.** Previously, on December 13, 2019, Wendel and other shareholders of Allied Universal had finalized the sale of a majority stake in the company. At the time, Wendel retained an approximately 6% ownership interest in the company after selling 79% of its total investment in Allied Universal for net cash proceeds of 6% of the share capital. Wendel values its net investment in Allied Universal at approximately $918 million, or approximately 2.5 times its total capital invested in dollars.

JUNE ⁄ **Pim Vervaat becomes CEO of Constantia Flexibles.** He joins the flexible packaging specialist after being CEO of RPC Group Plc from 2013 to 2019. Pim Vervaat's remit is to improve the performance of the Austrian company and to strengthen its leading position in the design and production of flexible packaging.

JUNE ⁄ **Wendel confirms its strategic focus on Europe and North America.** Teams are brought together in three locations (Paris, Luxembourg and New York) to increase their coordination and effectiveness.



NOVEMBER ⁄ **Wendel joins the Dow Jones Sustainability Indices (DJSI) Europe and World.** These indices assess the Group's performance in terms of ESG (Environment, Social, Governance). Evaluated on the whole of its ESG approach, Wendel obtains a score of 71/100, compared with an average for its sector of 30/100. Wendel is currently the only French company in the Diversified Financials sector to be included in the DJSI Europe and World indices.

DECEMBER ⁄ **Wendel and other shareholders of Tsebo transfer their shares to the investment arms of its senior lenders in a consensual transaction.** The transfer of the controlling shareholding to a South African consortium of financial investors and management ensures that Tsebo's balance sheet is strengthened, its strong B-BBEE credentials are preserved and the business is well-positioned to grow into the future.

DECEMBER ⁄ **The Supervisory Board of Wendel announces the reappointment of André François-Poncet, as Group CEO, and of David Darmon, as Group Deputy CEO, for a period of four years.** André François-Poncet said: *"We are honored by the trust placed in us by the Supervisory Board. We will begin this new mandate on a solid footing and we now expect to accelerate the pace of deployment of our resources to new assets."*

Editorial

Nicolas ver Hulst, Chairman of the Supervisory Board

“Despite the extent of the shock, Wendel made it through 2020 unscathed.”

2020 was a particularly difficult year due to its unprecedented nature. We hope that our shareholders and their families have been safe and healthy during the pandemic. At Wendel, the Executive Board, focused on the wellbeing of the employees and took all measures to limit the risk of infection.

From an economic point of view, two observations are noteworthy at the end of FY 2020. The first is that we have been through a global crisis. This crisis was particularly intense because of the sudden lockdown; companies had very little time to adapt, and financial markets took a hard turn, more extreme than the subprime mortgage crisis which developed over a two-year period. The economic decline driven by the pandemic caused the French Gross Domestic Product (GDP) to fall by around 8%. In contrast, the financial crisis of 2007-2008 caused a decline in GDP in the euro zone of around 5% over two years.

The second observation is that, despite the extent of the shock, Wendel made it through 2020 unscathed. In July, we distributed a dividend of €2.80 per share, unchanged compared with the previous year. We are among the few French companies to have paid out a dividend last year. We would have done more, as had been announced at the beginning of the year, but we felt that the context called for restraint.

Of course, we remained very vigilant. We had in-depth reviews of the situation in each of our portfolio companies, and we carried out numerous stress tests by modeling the effects of one or more strict lockdowns. Of our six investments, three were minimally affected, and three experienced more significant impact. Overall, for the Group, the impact remained fairly limited, and we were not required to put up additional funding. Why? Because we were very well prepared, and in an otherwise much stronger position than 13 years ago. In recent months, the Management Board had already taken many courageous decisions, and the work of refocusing on six significant companies has proven to be effective.

Over the past three years, the Group has been fundamentally transformed. Its philosophy has evolved. We have placed particular emphasis on the development of our companies. This has resulted in the recruitment of Operating Partners, strong support given to all our portfolio companies, and, in a number of cases, changes in top executive teams. Just before the crisis, we were focusing on strengthening our portfolio companies’ balance sheets. Geographically, Wendel is now focusing on three offices: Paris, New York and Luxembourg.

Now, let’s look to the future. Ideally, Wendel is a Group that aims to have seven to ten significant investments for the long term, supplemented by a small number of developing companies.

We want to remain a versatile investor and we are committed to mixing growth assets with more mature ones. Thus, we work in the interests of shareholders by seeking to strike the best balance between stock price appreciation and dividend distribution. This year, a dividend of €2.90 per share will be proposed to our shareholders at the next Shareholders’ Meeting, representing a 3.6% increase.

We intend to revitalize our portfolio over the next four years. We are actively seeking opportunities to invest between €150 million and €500 million, in companies in Europe or North America. It is our ambition that these actions will help drive our share price to pre-crisis levels.

Lastly, Wendel’s governance model, with a clear split of roles between the Management Board and the Supervisory Board, is state of the art. We are recognizing the work and accomplishments, while expressing our full confidence in André François-Poncet and David Darmon by renewing their terms of office. Our commitments to transparency and ESG (Environment, Social, Governance) are also consistent with the times. We are entrepreneurs who are developing companies and creating value for the benefit of our shareholders. We are experienced and committed investors, with talented teams who are positioned for success.

Editorial

André François-Poncet, Group CEO

"Refocused on its strengths, Wendel looks ahead with great confidence."

Against an exceptionally challenging backdrop, Wendel was able to rely on its teams, its digital resources and its values to navigate a year that was without precedent since the Second World War. Along with the Supervisory Board and David Darmon, my colleague on the Executive Board and Group Deputy CEO, I would like to congratulate our team which has been able to adapt to these challenging circumstances. Thanks to the intense work carried out over the past three years to refocus the Group, Wendel maintained its course. We continued to simplify our investment portfolio with the sale of Tsebo. We focused our activity and our offices on Europe and North America, and strengthened our balance sheet.

2020 demonstrated the value of a strong and committed reference shareholder. We have increased our efforts to support our portfolio companies which will emerge from this crisis better positioned for growth. Together, we rose to the challenge, and these companies knew they could count on the commitment and support of Wendel's teams at all times. Our investments have displayed remarkable resilience and adaptation in the context of a sharp downturn, such that Wendel's consolidated organic revenue growth fell by only 1% in the fourth quarter of 2021. Some companies have managed to maintain activity levels, proof of their exceptional fundamentals. This was the case for Constantia Flexibles, which maintained its production in compliance with a strict health protocol. With its "Restart" program, Bureau Veritas demonstrated its agility in supporting recovery in all sectors of the economy and its ability to adapt to a changing world. In 2021, assuming the absence of strict containment measures in its main countries, this testing, inspection and certification group expects to achieve solid organic growth.

Our ESG strategy (Environment, Social, Governance) will also be ramped up in coming months. In keeping with its history and its long-term investor values, Wendel places this emphasis at the heart of its investment decisions and its support of operating subsidiaries. Our proactive approach was acknowledged by Wendel's inclusion in the Dow Jones Sustainability Indices (DJSI), which honor the best performing companies based on ESG criteria. To date, Wendel is the only French company in the Diversified Financials sector to be included in the DJSI Europe and World indices.

Refocused on its strengths, Wendel looks ahead with great confidence. The Group possesses financial flexibility at a level not experienced for 20 years thanks to proceeds from disposals made in recent years and the cash flow of its operating subsidiaries. With historically low debt levels and renewed financial strength, Wendel will now be able to redeploy its assets. We aim to own circa 10 portfolio companies compared to 6 today.

Wendel will adapt to current market conditions including high valuations, but will remain focused on companies with significant growth potential. Wendel's unique strengths are more relevant than ever in a highly competitive market: rigorous investment processes based on intrinsic value-creation potential; a recognized ability to assist companies based on a long-term vision and sectoral expertise; and long-term collaborative and partnership approach with our portfolio companies.

The Wendel model endures thanks to the daily commitment of its employees. Bolstered by the renewed confidence of the Supervisory Board, David Darmon and I will work to strengthen our teams and to develop the new generation of Wendel professionals while ensuring the continuity of the Group's values.

Supervisory Board

NICOLAS VER HULST
Chairman of the Supervisory Board
67 years old

GUYLAINE SAUCIER
Chairwoman of the Audit, Risks and Compliance Committee, member of the Governance and Sustainability Committee,
independent member
74 years old

GERVAIS PELLISSIER
Vice-Chairman of the Supervisory Board, lead member of the Supervisory Board, member of the Audit, Risks and Compliance Committee,
independent member
61 years old

JACQUELINE TAMMENOMS BAKKER
Chairwoman of the Governance and Sustainability Committee, member of the Audit, Risks and Compliance Committee,
independent member
67 years old

PRISCILLA DE MOUSTIER
Member of the Governance and Sustainability Committee
68 years old

FRANCA BERTAGNIN BENETTON
Member of the Audit, Risks and Compliance Committee,
independent member
52 years old

ÉDOUARD DE L'ESPÉE
Member of the Governance and Sustainability Committee
72 years old

NICHOLAS FERGUSON
Member of the Governance and Sustainability Committee,
independent member
72 years old

The Supervisory Board is composed of thirteen members, including two employee representatives. Terms are four years. 45%(1) of members are women i.e. above the 40% target recommended by the Afep-Medef Code since 2016 and required by law since 2017. At 45%(2), the percentage of independent members on the Board also exceeds the Afep-Medef Code requirement of 33.33%.

Wendel's Supervisory Board as of 01/01/2021.
(1) Percentage excluding members representing employees; including these members, the percentage rises to 53.8%. (2) Percentage excluding members representing employees.

HARPER MATES
Employee representative
38 years old

BÉNÉDICTE COSTE
Member of the Governance and Sustainability Committee
63 years old

SOPHIE TOMASI PARISE
Member of the Governance and Sustainability Committee, employee representative
42 years old

THOMAS DE VILLENEUVE
Member of the Audit, Risks and Compliance Committee
48 years old

HUMBERT DE WENDEL
Member of the Audit, Risks and Compliance Committee
64 years old

45% [(3)]
independent members
(excluding employee representatives)

45% [(3)]
women (excluding employee representatives)

61 years
average age

5.8 years
of service, on average

6 nationalities
American, British, Canadian, Dutch, French, Italian

In 2020:

8 scheduled
meetings

99%
attendance rate

5 ad hoc
meetings

93.1%
attendance rate

3 hours
average duration of a meeting

(3) Beyond the legal requirements and the Afep-Medef Code.

Executive Board

Mandate of the Executive Board: April 7, 2020 - April 6, 2025.

The Executive Board, which is appointed by the Supervisory Board for four years, is comprised of two members: André François-Poncet and David Darmon. The Executive Board makes decisions regarding the Group's activities, including definition and implementation of the investment strategy, financial situation and internal organization. It meets at least every two weeks. It is assisted by two committees: the Management Committee, which handles operational management, and the Investment and Development Committee, which monitors operating subsidiaries based on analyses by the investment and other relevant teams. Based on recommendations from the Investment and Development Committee, the Executive Board makes decisions, which are presented to the Supervisory Board. There is also a Coordination Committee, which ensures that information is shared between teams at Wendel's various locations.

ANDRÉ FRANÇOIS-PONCET

Group CEO

A graduate of HEC and holder of an MBA from Harvard Business School, André François-Poncet was appointed Group CEO on January 1, 2018. He has been a Director of Axa since 2016. He worked at Morgan Stanley (London, New York and Paris) for 16 years and at BC Partners (Paris and London) as a Managing Partner, then Senior Advisor, for 15 years. He was Partner at CIAM from 2016 to 2017.

DAVID DARMON

Deputy Group CEO

David Darmon is a graduate of Essec and holds an MBA from Insead. He joined the Group in 2005, after working at Apax Partners and Goldman Sachs, and became a member of the Executive Board on September 9, 2019. He has managed many investments for the Group and, in 2013, created Wendel's New York office.

Three Executive Vice-Presidents support the Executive Board in its duties: Jérôme Michiels, Josselin de Roquemaurel and Félicie Thion de la Chaume.

Investment and Development Committee

Composed of the Executive Board, three Executive Vice-Presidents and two Managing Directors — the CEO of Wendel Luxembourg being Secretary and permanent guest — the Investment and Development Committee meets at least every two weeks and more frequently if needed, to work on selecting and developing the Group's investments. It examines plans to acquire and divest assets and regularly reviews the position of the main companies within the portfolio, Wendel's investment policy and the performance of employees in the investment team.

46*
average age

9 years*
of service, on average

28.6%*
women

ANDRÉ FRANÇOIS-PONCET
Group CEO
61 years old — 3 years of service

DAVID DARMON
Group Deputy CEO
47 years old — 15 years of service

JÉRÔME MICHIELS
Executive Vice-President,
Managing Director, Chief Financial Officer,
Director of Operational Resources
46 years old — 14 years of service

JOSSELIN DE ROQUEMAUREL
Executive Vice-President,
Managing Director
44 years old — 3 years of service

FÉLICIE THION DE LA CHAUME
Executive Vice-President,
Managing Director
41 years old — 13 years of service

HARPER MATES
Managing Director
38 years old — 5 years of service

ADAM REINMANN
Managing Director,
CEO of Wendel North America
45 years old — 7 years of service

CLAUDE DE RAISMES
Secretary of the Committee,
CEO of Wendel Luxembourg
37 years old — 12 years of service

* The calculation does not take into account Claude de Raismes as Secretary of the Committee.

Management Committee

Every two weeks, the Management Committee brings together the members of the Executive Board, the three Executive Vice-Presidents, the Director of Sustainable Development and Communications, the General Counsel, the Deputy Chief Financial Officer, the Tax Director and the Human Resources Director. It makes day-to-day decisions regarding the organization and the Group's operations, involving, where appropriate, other relevant individuals.

50.3
average age

9.3 years
of service, on average

40%
women

ANDRÉ FRANÇOIS-PONCET
Group CEO
61 years old — 3 years of service

JÉRÔME MICHIELS
Executive Vice-President,
Managing Director, Chief Financial Officer,
Director of Operational Resources
46 years old — 14 years of service

DAVID DARMON
Group Deputy CEO
47 years old — 15 years of service

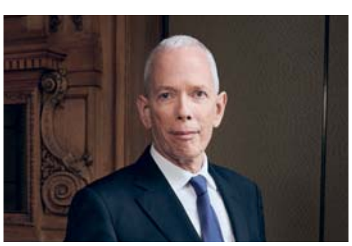
JOSSELIN DE ROQUEMAUREL
Executive Vice-President,
Managing Director
44 years old — 3 years of service

FÉLICIE THION DE LA CHAUME
Executive Vice-President,
Managing Director
41 years old — 13 years of service

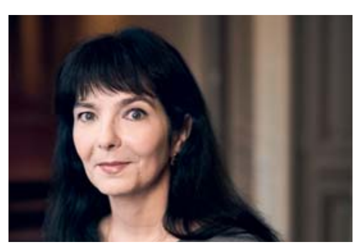
CHRISTINE ANGLADE PIRZADEH
Director of Sustainable Development
and Communications,
Advisor to the Executive Board
49 years old — 9 years of service

CAROLINE BERTIN DELACOUR
General Counsel,
Group Chief Compliance Officer
57 years old — 11 years of service

BENOIT DRILLAUD
Deputy CFO
46 years old — 16 years of service



PETER MEREDITH
Tax Director
61 years old — 8 years of service



ALEXINA PORTAL
Director of Human Resources
51 years old — 1 year of service

Our strategic orientations 2021-2024

Investment in high-quality companies aiming to further diversify the portfolio towards more growth.

The Executive Board roadmap for the next four years will be focused on diversifying Wendel's portfolio with balanced exposure to listed and unlisted companies by generally deploying capital towards higher-growth markets, while retaining a dose of opportunism. Wendel aims at building a portfolio of 7 to 10 companies, with new investments focused on Western Europe, particularly France, and North America, as well as on improving ESG (Environment, Social, Governance) profiles. Standalone equity investments should amount from circa €150 million to €500 million targeting majority/control/large minority investments in listed or unlisted companies. Wendel also contemplates investments in small equity growth opportunities.

Wendel will pursue its long-term shareholder approach, as objective to be a top shareholder with board and critical committee seats, alongside like-minded partners.

In terms of sectorial approach, Wendel seeks market leading business or growing sectors with long-term growth prospects and pricing power. Wendel would generally avoid high cyclicality or capital-intensive assets and look for companies with a demonstrated resilience through economic cycles (and pandemic). Attractive sectors meeting those criteria include technology services and software, business services, healthcare and industrial technology. Nevertheless, Wendel remains opportunistic and would contemplate situations in different industries that otherwise meet its criteria.

In the context of the Wendel Lab initiative, Wendel expects to gain greater exposure to the growth of tomorrow, mainly by making commitments to several high-quality technology investment funds. This asset class should eventually represent 5 to 10% of net asset value. Wendel Lab has a multiple objective. Not only does it diversify the portfolio by increasing exposure to high-growth assets, generally with a digital component or with disruptive business models, but also does it improve its knowledge and that of its companies on technological innovations that could impact or enhance their value creation profiles.

As part of its ESG commitment and recent roadmap published in 2020, Wendel will consider assets that have a positive impact on society.

2024 TARGET PORTFOLIO: 7 TO 10 CORE INVESTMENTS

<table>
<tr><th></th><th>Percentage of net asset value</th><th>Target average annual return profile</th></tr>
<tr><td>Listed equity</td><td rowspan="2">Balanced %</td><td>above c.7%</td></tr>
<tr><td>Private equity buyout</td><td>above c.10%</td></tr>
<tr><td>Private equity (Growth equity/VC*)</td><td>c.5 to 10%</td><td>c.10 to 15% (above 25% in direct investments)</td></tr>
</table>

* Including funds.

Working with entrepreneurial teams to develop industry leaders for the long term

Wendel's ESG approach is based on responsibility and is rooted in a firm belief in the core values of Engagement, Excellence, and Entrepreneurial spirit.

Those values drive Wendel's actions both as a company and an investor to achieve its mission: partnerships with talented management teams to build sustainable, leading companies, whose performance in the long term will create lasting value for all stakeholders. Wendel is a signatory of the Principles for Responsible Investment (PRI) and the United Nations Global Compact. Its corporate social responsibility strategy adheres to the values and principles set by these reference frameworks.

Through the adoption and implementation of its ESG strategy, Wendel is working towards the following Sustainable Development Goals (SDGs):

4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
8.3. Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
12.6. Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
13. Take urgent action to combat climate change and its impacts.

Wendel incorporates sustainability issues throughout its investment cycle

Prior to each investment, an opportunity is carefully examined through an exclusions list and ESG due diligence.

During the holding period, ESG awareness training and a social responsibility maturity review is carried out for each new acquisition. An ESG roadmap is developed and progress made on sustainability targets is rigorously monitored. Company and Wendel executives are held accountable by aligning a portion of their variable compensation with ESG performance.

When exiting an investment, the advancement of ESG practices over the course of Wendel's shareholding is assessed. Whenever possible, the value created is shared with the broader teams of the divested company.

Within its operating subsidiaries, Wendel encourages the implementation of ESG roadmaps based on four priority themes

1. Equity and diversity;
2. Climate;
3. Health and safety of employees and consumers;
4. Sustainable and/or eco-designed products and services.

In 2020, 100% of the Group's operating subsidiaries acquired over the past 18 months formalized a transformation roadmap that includes these sustainability issues. The deployment of these roadmaps and the progress made are supervised by the management bodies of each company, as well as by Wendel's management teams.

On March 31, 2021, Wendel integrated ESG targets into the financial terms of its undrawn €750 million syndicated credit facility maturing in October 2024 in order to prioritize these criteria. Going forward, measurable aspects of the non-financial performance of Wendel and the consolidated companies in its portfolio will be taken into account in the calculation of the financing cost of this syndicated credit. They are in line with certain quantitative ESG targets the Group has set in its ESG 2023 roadmap.

A CORPORATE SOCIAL RESPONSIBILITY APPROACH DISTINGUISHED BY NON-FINANCIAL RATING BODIES

SAM S&P GLOBAL

Inclusion in the Dow Jones Sustainability Index.
Only French Diversified Financials company ranked in the DJSI's Europe and World indices.
Score of 71/100, above the industry average (30/100)

MSCI

AA rating, ranked among industry leaders since 2017

SUSTAINALYTICS

Classified as "low risk"
Ranked 14 out of 676 financial companies assessed
No.1 among its peers with the same level of market capitalization

CDP

B rating, for its first rating in 2020

GAÏA RATING

Score of 69/100, above the industry average (51/100)

A NEW ESG STRATEGY ALIGNED WITH THE MAIN INTERNATIONAL SUSTAINABLE DEVELOPMENT STANDARDS

Fostering excellence and commitment within Wendel

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

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

Building sustainable leaders within the portfolio

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

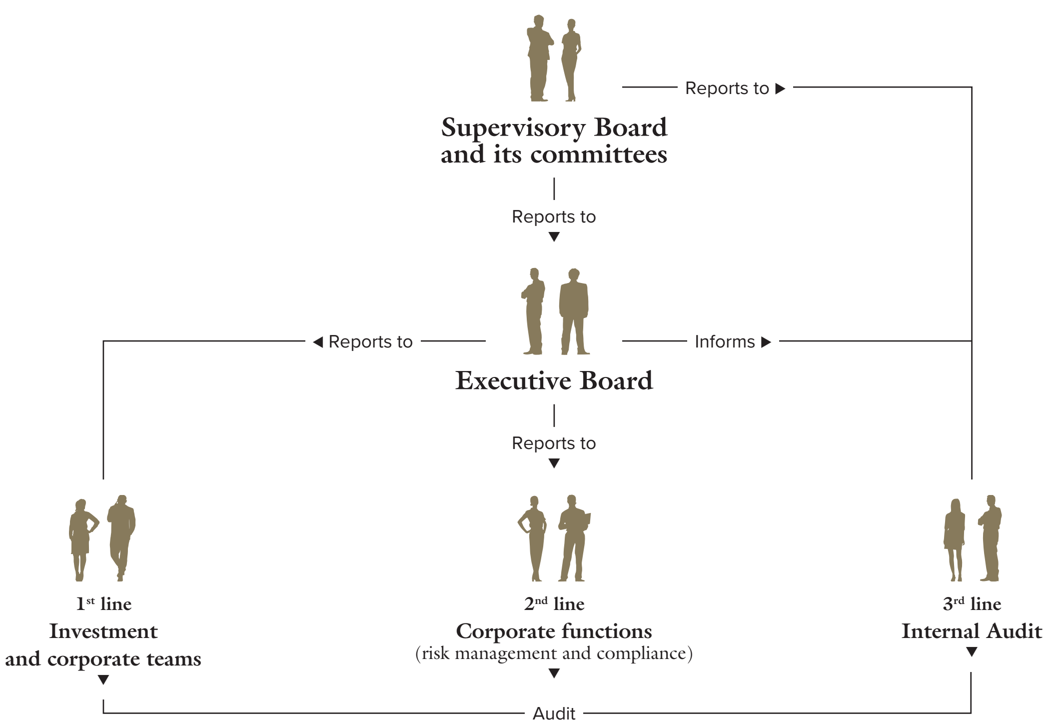
Risk management and internal control systems

The risk management and internal control systems of the Wendel Group are organized into three lines of defense and accountability.

1st line. Members of the investment and corporate teams implement controls and identify risks at the operational level.

2nd line. The managers of corporate functions define processes and deploy the procedures and tools needed to control these risks. They regularly ensure that risks are monitored and that controls are properly implemented.

3rd line. The Internal Audit Department conducts an assessment independent of the system and issues recommendations for improvement.
The investment and corporate teams report to the Executive Board. Internal Audit reports to the Audit, Risks and Compliance Committee.



Within its portfolio, Wendel relies on the audit committees of its operating subsidiaries to promote the deployment of similar systems, based on the three lines of defense principle.

Map of risks deemed most significant by Wendel

Risk factors	Assessment
Operational and business risks	
Geographical exposure and asset concentration	High
Robustness of portfolio companies' business models	High
Due diligence on potential investments and divestments	Medium
Estimated value of portfolio companies	Medium
Reliability of information submitted by portfolio companies	Low
Financial risks	
Equity risk	High
External risks	
Covid-19 pandemic	Medium
Legislative and regulatory changes	Medium
Risks related to governance	
Presence of a majority shareholder	Low

The risk factors are classified in four categories (risks related to Wendel's operations and business, financial risks, external risks, risks related to governance). Risks are ranked within their respective categories by reverse order of importance according to their likelihood of occurrence and estimated impact and having factored in mitigation measures. The summary table above is intended to present an overview of these risks according to their net impact, based on whether they are considered by Wendel to be high, medium or low risk (decreasing order).

The risk factors presented in this section are those that are specific to Wendel and/or its marketable securities which could have a material net effect on the business operations, financial position or future performance of the Company or of the companies that were fully consolidated during the financial year ended and as of the date of this Universal Registration Document. This section is not intended to provide a full list of all of the Group's risk factors.

A concentrated, yet diversified, investment portfolio

Bureau Veritas

35.8% stake

Certification and verification services

2020 sales: €4,601 million
No. 2 in the world
75,000 employees
Present in 140 countries
400,000 clients
More than 1,600 offices and laboratories
Amount invested: €397.3 million since 1995

Constantia Flexibles

60.8% stake

Flexible packaging

2020 sales: €1,505.3 million
No. 2 in Europe, No. 3 worldwide
c. 8,275 employees
37 production sites in 16 countries
Amount invested: €565 million since 2015

Crisis Prevention Institute

96.1% stake

Training services

2020 sales: $63.8 million
US market leader
More than 9,000 clients
308 employees
35,000 Certified Instructors
who train over 1.4 million people each year
Offices in 3 countries, trainings
offered in 17 countries
Amount invested: $569 million since 2019

Amounts invested and percentage of share capital held by the Wendel Group are stated as of 12/31/2020. If co-investment conditions are realized, there could be a dilutive effect on Wendel's percentage ownership. See page 360 of the 2020 Universal Registration Document. All information regarding the competitive positioning and market shares of our subsidiaries and associates, as well as certain financial information, derives from the companies themselves and has not been verified by Wendel.

Cromology

95.4% stake

Decorative paints

2020 sales: €627.6 million
No. 2 in France and Portugal,
No. 1 in Italy
c. 3,200 employees
Operations in 9 European countries
6 R&D laboratories
Amount invested: €550 million since 2006 (1)

IHS Towers

21.4% stake (2)

Telecoms infrastructure

2020 sales: $1,403.1 million
No. 1 in Africa
No. 4 independent TowerCo in the world
c. 2,000 employees
Present in 9 countries
27,807 towers (3)
Amount invested: $830 million since 2013 (4)

Stahl

67.8% stake

High-performance coatings and leather finishing products

2020 sales: €669.4 million
Worldwide leader in chemicals for leather
c. 1,800 employees,
including c. 600 “Golden Hands”
Present in 22 countries
37 laboratories and 11 production sites
Amount invested: €221 million since 2006

(1) Combined amount of equity invested by Wendel in Materis Paints and Cromology. €125 million of additional capital injected in Cromology in 05/13/2019. (2) Stake prior to dilutive impact of the profit-sharing mechanism. (3) Tower count excluding managed services and towers under construction as of 12/31/2020. (4) Effective holding of 19.8% resulting from the dilutive impact of the profit-sharing mechanism implemented.

Key figures for the past three fiscal years

Consolidated net sales

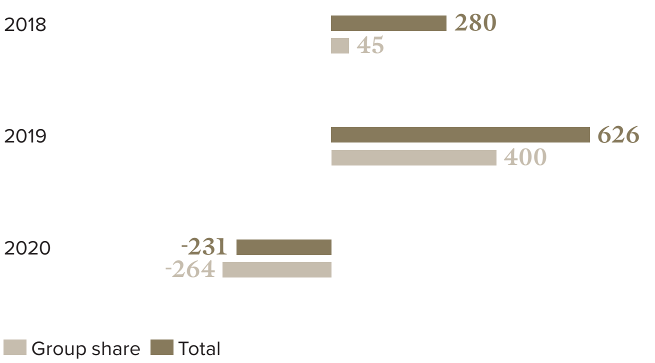
In millions of euros as of 12/31.

(1) In 2018, sales didn't include the sales of Tsebo, in accordance with IFRS 5.

Net Asset Value (NAV)

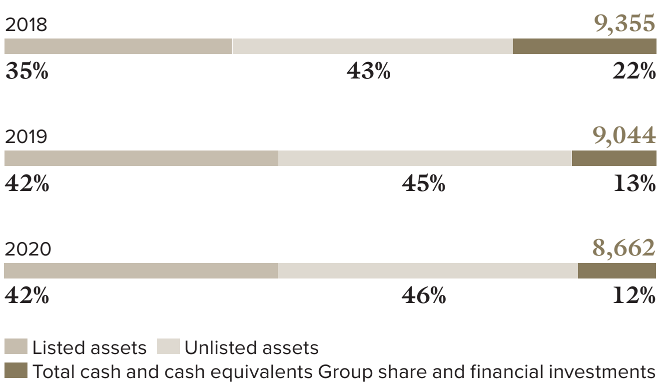
In euros per share as of 12/31.

Net income



In millions of euros as of 12/31.

Total gross assets under management



In millions of euros as of 12/31.

Dividend

Ordinary dividend, in euros per share.

(2) Subject to approval at the Shareholders' Meeting on 06/29/2021.

Loan To Value (LTV) ratio

In percentage as of 12/31.

1

GROUP PRESENTATION

1.1 Corporate history

The Wendel Group was founded in the Lorraine region in 1704. For 270 years, it developed its business in diverse industrial activities, notably within the steel industry, before focusing on long-term investing.

A central force in the development of the French steel industry, the Wendel Group diversified at the end of the 1970s. Today the Company is dedicated to the success of leading businesses in a variety of sectors (tests, inspection and certification – chemicals and high performance and decorative coatings – business services – telecom infrastructure – packaging – training).

From 1704 to 1870, the Group took advantage of the major inventions that spurred on the expansion of its iron and steel activities: coke iron, widespread use of blast furnaces and rolling mills, the development of railroads…

In the 20th century, hard hit by two world wars that ravaged the Lorraine production facilities, the Group recovered and began to grow again. The creation of the Sollac production cooperatives in 1948, followed by Solmer in 1969, helped meet the growing demand for sheet steel. In 1975, the Group produced 72% of French crude steel.

In 1974, the sudden rise in oil prices led to a widespread economic crisis. The French steel industry was faced with a serious downturn. Fixed steel prices and investment in modernization pushed the industry toward financial ruin.

In 1975, Marine-Wendel was created when the Wendel Group took over the holding company Marine-Firminy. The coexistence of the Group's steel industry assets (Sacilor, Forges and Aciéries de Dilling, etc.) alongside its diversified activities (Carnaud, Forges de Gueugnon, Oranje-Nassau, Cimenteries de l'Est, several mechanical engineering companies, etc.) came to an end during the European steel crisis of 1977, and the Group was broken up into two entities. By transferring all of its non-steel industry assets in November 1977, Marine-Wendel created Compagnie Générale d'Industrie et de Participations (CGIP), in which it retained only a 20% equity interest.

In June 2002, Marine-Wendel and CGIP merged and the new entity took the name of WENDEL Investissement. The industry approach and focus of our management teams on long-term corporate development has helped give our Group a strong, clearly-identified image. This solid positioning as a professional shareholder that understands investments from the industry's point of view prompted us to propose, at the June 4, 2007 Annual Meeting, that the legal name of the Company be simplified from "WENDEL Investissement" to "Wendel", so as to emphasize our long-term industrial values anchored in our centuries-old history. In addition to its historic bases in Paris and Luxembourg, Wendel has an office in New York to develop its portfolio in its preferred geographical regions of Europe and North America.

1.2 Business

Wendel is one of Europe's leading investment companies in size, with approximately €9 billion in assets under management at end-December 2020. It invests in leading companies and in companies with the potential to become leaders. Wendel is both a shareholder and an active partner. It supports the management of the companies in which it invests, gives them responsibility and works with them over time to achieve ambitious sustainable growth and shareholder value objectives. Wendel also has the special characteristic that it is a long-term investor with permanent capital, a double Investment Grade rating, and access to the capital markets. It is supported and controlled by Wendel-Participations, a stable family shareholder structure with more than 315 years of history in industry and more than 40 years of investment experience.

The current investment team is composed of approximately 20 experienced professionals. The team members have varied and complementary profiles and include former consultants, company executives, investment bankers and operations managers from a broad array of industrial and service sectors. This allows us to capitalize on their experience and the network of contacts they have developed during their professional careers. The team thus has both sector knowledge and recognized financial expertise. Its objective is to foster the emergence of companies that are leaders in their sector and to accompany their development in the medium or long term, particularly by encouraging innovation, the best ESG practices, and boosting productivity. Investment opportunities are systematically referred to a team which examines each case, in particular by looking at the enterprise's growth prospects. These investment opportunities are then reviewed by a diverse and collegial Investment Committee, composed of experienced Managing Directors, including the Chief Financial Officer and the two members of the Executive Board. If Wendel goes ahead with the transaction, the team that examined the opportunity then carries out its execution.

Global competitive landscape in 2020

As a professional investor, Wendel may face various competitors for its acquisitions, including private equity funds, sovereign wealth funds, pension funds, family groups and industry players. All of these entities are active in the controlling stake investment universe (except for industry players) and they number in the thousands, typically focusing on medium-term investment horizons of 3 to 5 years – unlike Wendel, which generally takes a long-term approach – and making use of leverage.

In particular, Wendel's permanent capital sets it apart from private equity players. Nevertheless, in recent years, new competitors (sovereign funds, pension funds and investment funds) have emerged, also targeting longer-term investments, affirming the attractiveness of Wendel's model.

The year 2020 was marked by a sharp drop in investment activity between March and May, as the health crisis and its economic repercussions had an impact, and then experienced a marked rebound in the second half of the year, in terms of, both number and value of transactions. In 2020, stiff competition for the most attractive assets continued to strengthen the position of sellers towards funds looking to place their investors' capital. The abundance of capital to invest and the rebound in most stock markets continued to push up acquisition multiples in unlisted assets to record levels and, often, well above public markets' valuations. At the same time, the debt markets remained generally open, allowing purchasers to take advantage of historically low interest rates and increase average debt leverage for acquisitions. No global data are available on the investment activities of all of the market participants mentioned above, but in 2020, private equity funds, for which annual statistics are published, continued to crystallize portfolio value in 2019, with fewer capital exits but totaling $427 billion (in line with 2019), for an average holding period of 4.5 years. All exit routes were used, particularly sales to strategic investors. Despite growing market volatility, private equity has continued to produce rates of return above those offered by other asset classes.

Despite their different models and portfolio composition strategies, Wendel is often compared to Eurazeo, Exor, Peugeot Invest, Investor AB, Onex, Ratos AB, Kinnevik AB, Industrivarden AB, HAL Trust, Ackermans & van Haaren, Sofina, GBL and 3i Group.

1.3 Investment model and business development strategy

Wendel's approach consists of selecting leading companies, both listed and unlisted, making long-term investments and helping to define ambitious strategies, while implementing a clear, explicit shareholder approach, together with the management. To successfully execute its long-term investment strategy, Wendel leverages several strengths: a stable family shareholder base, permanent capital, a robust balance sheet, and a portfolio of companies that lends the Group a very broad geographical and sectoral view. Since 1977, Wendel's international investment teams, have applied their experience and expertise in investments in a great number of successful companies, including Capgemini, BioMérieux, Reynolds, Stallergenes, Wheelabrator, Valeo, Afflelou, Editis, Legrand, Stahl, Deutsch and Allied Universal.

1.3.1 Committed partnering with entrepreneurial teams

Wendel's investment and sustainable development strategy is based on close interaction with the managers of the companies it invests in. This partnership is central to the process by which value is created. Wendel provides constant and active support, shares risks and contributes its experience and financial, technical and communications expertise. Similarly, Wendel can reinvest and support companies when the economic and financial conditions or the company's business development projects demand it.

Wendel is represented in the Boards of Directors and key committees – audit, governance, sustainable development and strategy – of its investments, in proportion to its stake. It can therefore take part in the most important decisions made by each company without ever taking the place of its management.

1.3.2 Principles defining our role as long-term shareholder

Wendel upholds the shareholder's charter, established in 2009, which includes five major principles:

- active involvement in designing and implementing company strategies through participation on the Boards of Directors and key committees of the companies in which Wendel is invested;
- firm, long-term commitments to our partner companies by supporting their development, fostering their exposure to strong-growth regions and allocating time and resources to the innovation cycle;
- constructive, transparent and stimulating dialogue with management while constantly questioning ingrained habits and rethinking models against global best practices;
- effective relationships built on trust that recognize the respective roles of shareholders and managers;
- a guarantee of shareholder stability and the common cause of a long-term partner who does not hesitate to make a financial commitment during tough times, where justified.

1.3.3 Constructing a balanced portfolio

Wendel aims first and foremost to create value by developing investments over the long term, by actively encouraging its companies to make investments which drive organic growth and profitability and by providing support for their acquisitions. Leveraging its status as an Investment Grade bond issuer, the Group has the financial means to develop a diversified portfolio of companies and to make new investments, in listed or unlisted companies.

1.3.3.1 Investment profile

Wendel's permanent capital enables it to invest for the long term as the majority or leading shareholder in unlisted companies that are leaders in their markets, in order to boost their growth and development.

The Wendel Group has an investment model chiefly focused on companies with as many of the following characteristics as possible:

- companies which embody Wendel's ESG values and ethics;
- business activities relating to one or more major, long-term economic trends, enabling Wendel to plan to hold the investment over the long term, even going beyond 15 to 20 years in certain cases;
- located in countries that are well known to Wendel: in Europe, particularly in France and North America (United States and Canada);
- with strong international exposure or an international growth strategy;
- ideally representing an initial investment generally between €150 and €500 million; Smaller equity investments are also contemplated directly or indirectly, notably through Wendel Lab;
- led by high-quality, experienced management teams with which Wendel shares a common vision;
- among the leaders in their markets;
- operating in sectors with high barriers to entry;
- sound fundamentals and, in particular, recurrent and predictable cash flows;
- and offering high potential for long-term profitable growth, through both organic growth and accretive acquisitions.

Wendel will pursue its long-term shareholder approach, with the objective to be a top shareholder with board and critical committee seats, alongside like-minded partners. Wendel particularly favors certain circumstances, such as:

- control or joint control immediately or in phases;
- a need for a long-term, reference shareholder;
- opportunities for further reinvestment over time to accompany organic or external growth.

1.3.3.2 Acquisitions by Group companies

Growth by acquisition is an integral part of the development model of Wendel Group companies. While external growth projects have slowed down in 2020 primarily due to the Covid crisis, the pipeline of opportunies remain healthy and our companies plan to achieve a portion of their growth through acquisitions, focusing on small or medium-sized purchases, which create the most value. Wendel's teams assist Group companies in their search for acquisitions that can create value, in deploying their external growth strategy, and in arranging the required financing.

1.3.3.3 An entrepreneurial model

Wendel believes in the efficacy of giving management teams a financial interest in value creation. This gives the executives a personal stake in the risks and rewards of these investments.

For listed subsidiaries and associates (Bureau Veritas), these mechanisms consist of stock-option and/or bonus share plans.

For unlisted subsidiaries (Cromology, Stahl, IHS Towers, Constantia Flexibles and CPI), the participation policy is based on a co-investment mechanism through which executives may make significant personal investments alongside Wendel. These systems are described in section 6.7, notes 5-1 and 5-2 of this Universal Registration Document.

1.3.4 Strategic orientations 2021-2024

1.3.4.1 Investment in high-quality companies aiming to to further diversify the portfolio towards more growth

The Executive Board roadmap for the next four years will be focused on diversifying Wendel's portfolio with balanced exposure to listed and unlisted companies by generally deploying capital towards higher-growth markets, while retaining a dose of opportunism. Wendel aims at building a portfolio of 7 to 10 companies, with new investments focused on Western Europe, particularly France, and North America as well as on improving ESG profiles. Standalone equity investments should amount to c. €150 million to €500 million targeting majority/control/large minority investments in listed or unlisted companies. Wendel also contemplates investments in small equity growth opportunities.

Wendel will pursue its long-term shareholder approach, with the objective to be a top shareholder with board and critical committee seats, alongside like-minded partners.

- In terms of sectorial approach, Wendel seeks market leading business or growing sectors with long-term growth prospects and pricing power. Wendel would generally avoid high cyclicality or capital-intensive assets and look for companies with a demonstrated resilience through economic cycles (and pandemic). Attractive sectors meeting those criteria include technology services and software, business services, healthcare and industrial technology. Nevertheless, Wendel remains opportunistic and would contemplate situations in different industries that otherwise meet its criteria.
- In the context of the Wendel Lab initiative, Wendel expect to gain greater exposure to the growth of tomorrow, mainly by making commitments to several high-quality technology investment funds. This asset class should eventually represent 5 to 10% of net asset value. Wendel Lab has a multiple objective. Not only does it diversify the portfolio by increasing exposure to high-growth assets, generally with a digital component or with disruptive business models, but also improves its teams' knowledge and that of its assets on technological innovations that could impact or enhance their value creation profiles.
- As part of its ESG commitment and recent roadmap published in 2020, Wendel will consider assets that have a positive impact on society.

1.3.4.2 2024 target portfolio: 7 to 10 core investments

	Listed equity	Private equity buyout	Private Equity (Growth Equity/VC(1))
% of Net Asset Value	Balanced %		c. 5 to 10%
Target average annual return profile	above c.7%	above c.10%	c.10 to 15% (above 25% in direct investments)

(1) Including funds.

1.3.4.3 Financing strategic guidelines

- Wendel expects to maintain available liquidity to enable Wendel to seize attractive opportunities *(i.e.,* can safely make a €300 million investment at most times);
- Wendel aims to retain a flexible financing structure which can withstand sudden, brutal market shocks;
- Finally, in relation to its long term investor profile Wendel aims at retaining its Investment grade rating profile. As of december 31, 2020 Wendel had a historically low Loan-To-Value ratio of 6.2%. Wendel has been rated BBB with stable outlook by Standard & Poor's since January 25, 2019 and Baa2 with stable outlook by Moody's since September 5, 2018.

1.3.4.4 Return to shareholders

- Wendel aims to pay a regular and growing dividend year on year;
- In addition, Wendel may proceed with share buybacks on an opportunistic basis. In this respect the company has already announced contemplating buying around €25 million of its own shares from March 19, 2021. Wendel reserves the ability to carry out other opportunistic share buybacks, within the limits of its general meeting and the regulations in force.

1.3.4.5 Development of Group companies to create value

Wendel will continue to emphasize the long-term growth of its companies, by actively encouraging them to use their resources to make investments that drive organic growth and profitability and by providing support for their external growth operations and the establishment of the best ESG practices.

In 2016, Wendel created a task force under the supervision of the Executive Board to implement a range of actions aimed at ensuring that digital developments are properly taken into account, both for portfolio companies and for Wendel as an organization, so as to enable its companies to enhance value creation through digitization.

Regarding the portfolio companies, in late 2016, the Boston Consulting Group (BCG) was tasked with creating a set of criteria for assessing the digital maturity of the Group's key companies. These criteria are used in the context of future due diligences for new acquisitions.

From Q3 2017 onward, Wendel launched a similar project aimed at improving its operational efficiency utilizing digital tools. Since then, new digital tools developed and selected jointly by employees were deployed, and the entire company was migrated to collaborative working methods.

Faced with the need to continue these developments and ensure continuity in monitoring the digital maturity of Wendel's portfolio and of its organization, on February 1, 2019, Wendel hired an IT Strategy and Digital Transformation Director. In 2019, special efforts were made in the area of cyber risk management and in the continued development of collaborative and digital tools to improve Wendel's operational efficiency. In particular, new transformative digital projects and tools have been launched by the Finance, Human Resources, Internal Audit and Information Systems departments to improve their operational efficiency. All of these developments have resulted in a renewal of work tools, both hardware and software, and have enabled the seamless implementation of remote work, particularly during the lockdowns that took effect in March 2020.

For nearly a decade, Wendel's Sustainable Development Team and Sustainable Development Steering Committee have also been implementing numerous internal initiatives and constantly improving transparency and reporting. Over the past year, these efforts and Wendel's good reputation have been recognized by external extra-financial rating agencies.

On this basis, in 2019, Wendel's Executive Board and Supervisory Board expressed their strong desire to further refine Wendel's ESG approach as a pillar of strategic development, in line with our values and history. Their vision has been implemented by Wendel teams at all levels with enthusiasm and commitment.

These teams showed their eagerness to lead by example, and a willingness to cultivate relationships of trust with all our stakeholders. In 2020, Wendel published its ESG Roadmap 2023, formalizing its ambitious strategy in this area. 2020 was also marked by the improvement of many ESG parameters and a significant increase in its extra-financial ratings. (see Chapter 4).

1.4 Subsidiaries and associated companies

All information regarding the competitive positioning and market shares of our subsidiaries and associates, as well as certain financial information, derives from the companies themselves and has not been verified by Wendel. Comments on company activity are after IFRS 16, unless otherwise stated.

1.4.1 Bureau Veritas

Bureau Veritas pursues its growth after the slowdown observed in 2020 following the pandemic

Bureau Veritas is the world's second-largest provider of compliance and certification services in the areas of quality, health, safety, environment and social responsibility (QHSE-SR). Bureau Veritas is directly and indirectly involved in the field of ESG and in 2020 launched its Green Line, enabling its clients and their stakeholders to bring transparency and reliability to their ESG commitments. Bureau Veritas derives approximately 50% of its sales from high-growth countries.

Bureau Veritas in brief

(Fully consolidated company)

Present in 140 countries	1,600 offices and laboratories	75,000 employees	400,000 clients
€4,601.0 million in sales in 2020	€615.0 million in adjusted operating income(1)	Stake held by Wendel(2): 35,8% of equity and 51.3% of voting rights	Amount invested(3) by Wendel: €397,3 million since 1995

(1) Bureau Veritas defines "adjusted" operating income as its operating income before revenue and expenses related to acquisitions and other non-recurring items (indicator not recognized under IFRS). After IFRS 16.
(2) Share of equity owned by Wendel as of December 31, 2020 net of treasury shares.
(3) Amount of equity invested by Wendel for the stake held as of December 31, 2020 including scrip dividend in 2019.

Why did we invest in Bureau Veritas?

Bureau Veritas is ideally positioned in markets driven by long-term structural trends. QHSE regulations and standards are proliferating and becoming tougher to meet. Increasingly, certification and inspection activities are being outsourced. Health and environmental protection standards are becoming more stringent. And trade has become global. The growing need for companies to be responsible players in their ecosystems demonstrates the central role of Bureau Veritas in building trust between companies and all their stakeholders.

Since it was founded in 1828, Bureau Veritas has gradually built up its globally renowned expertise. The market that Bureau Veritas addresses has numerous barriers to entry. Operating certification and approval are mandatory in each country. Service providers must offer a comprehensive range of inspection services (in particular for major clients) and extensive geographical coverage both locally and internationally. They must provide high value-added solutions through first-rate technical expertise and enjoy a reputation of independence and integrity. Bureau Veritas' success is based on its ability to adjust to new business challenges, whether they are one-off situations or long-term issues

Wendel has gradually increased its holding in Bureau Veritas. When Wendel made its initial €25 million investment in 1995, obtaining 19% of the share capital, Bureau Veritas generated annual sales of less than €400 million. Wendel then supported the company's growth, until it held 99.2% of the capital in 2004. In 2007 Bureau Veritas was listed on the stock exchange, enabling it to continue its international expansion.

Highlights of 2020

Revenue in 2020 amounted to €4,601.0 million, a 9.8% decrease compared with 2019. Organic revenue was down 6.0%, but with a lower 2.0% decline in the last quarter. Revenue improved in the second half, falling 3.2% compared with a revenue decrease of 9.0% in the first half of 2020. Marine & Offshore delivered organic growth of 2.2%. Agri-Food & Commodities, Buildings & Infrastructure, Certification and Industry (representing in the aggregate more than three quarters of Bureau Veritas' revenue) showed a good level of resistance overall, down 5.1% organically on average. Conversely, Consumer Products, representing less than a fifth of the portfolio, declined sharply due to the impact of the COVID-19 shutdowns, down 15.0% organically.

In the fourth quarter, Bureau Veritas' organic revenue decline was limited to 2.0% year on year. Certification was the top performing business, growing by 10.7%, benefiting from the "Restart Your Business with BV" and "SafeGuard" solutions as well as the catch-up of audits and strong momentum on schemes related to Sustainability.

External growth was a negative 0.4%, reflecting the impact from prior-year disposals (HSE consulting business in the US, in particular), and recent disposals (with the emissions monitoring business unit in the US) and the absence of acquisition during the year. Currency fluctuations had a negative impact of 3.4%, mainly due to the depreciation of some emerging countries' currencies and the USD and pegged currencies against the euro.

Consolidated adjusted operating profit decreased by 26.0% to €615.0 million; the full year 2020 adjusted operating margin dropped 294 basis points to 13.4%, including a 23-basis-point negative impact from foreign exchange and a 7-basis point positive impact from scope changes. On an organic basis, it declined by 278 basis points to 13.5%.

All business activities apart from Marine & Offshore experienced lower organic margins due to the impact of the Covid-19 shutdowns on activity. This was cushioned by strong cost containment measures (salary & recruitment freeze, reduction of travel costs and non-discretionary spend notably), government aids in some countries (especially the furlough scheme in France in the first half) and restructuring. Margins recovered well in the second half to 16.6% as many businesses saw improved operating conditions. The most affected divisional margins were those of Consumer Products and Buildings & Infrastructure, due to a sharp revenue shortfall associated with negative mix effects. Together, they represented more than three quarters of the organic decline in Bureau Veritas' margin in the full year 2020.

The successful deployment of "Restart Your Business with BV"

In the context of the pandemic, health, safety and hygiene issues have become a top priority. To help companies adopt best practices and provide reassurance to their stakeholders, in spring 2020, Bureau Veritas launched the "Restart Your Business with BV" suite of solutions targeting clients who are resuming their business operations.

Bureau Veritas' geographical presence in 140 countries, unparalleled network of inspectors and auditors, and unrivalled experience in certification processes and management of health, safety and hygiene risks are considerable assets. They enable Bureau Veritas to provide companies, public authorities and society as a whole with services and in-depth knowledge of local specificities and regulations.

Bureau Veritas Green line of independent expertise to foster a sustainable world

In October 2020, Bureau Veritas launched its "Green Line", a wide range of services and solutions dedicated to sustainable development in order to help all clients and stakeholders, across multiple sectors, bring transparency and reliability to their ESG commitments.

Solid financial position

Bureau Veritas' financing activity during 2020 demonstrates the strong support and confidence of Bureau Veritas' banks and their lenders base in the context of the Covid-19 pandemic.

In April 2020, Bureau Veritas' Board of Directors took the exceptional decision to cancel the dividend (EUR 0.56 per share)(1). This decision complied with French regulatory requirements for the suspension of dividend payments in return for government support (temporary layoffs in France, and the deferral of certain employment contributions and tax payments) and maintained cash of around EUR 250 million in Bureau Veritas. It also highlighted the company's responsibility to all its stakeholders who are making considerable efforts or facing major challenges during this unparalleled crisis.

(1) In order to ensure the health and safety of its employees, service providers and shareholders, and also to preserve shareholders' rights to participate in the Annual General Meeting (AGM), Bureau Veritas announced on March 13, 2020, its decision to postpone the date of the AGM initially set on Thursday, May 14, 2020 to Friday, June 26, 2020. As per the latest health recommendations, the Group held its AGM behind closed doors. Dividend was initially due to be proposed to the June 26, 2020 Annual General Meeting called to approve the financial statements for the year ended December 31, 2019.

At December 31, 2020, the adjusted net financial debt/EBITDA ratio was further reduced to 1.80x (from 1.87x last year) and the EBITDA/consolidated net financial expense ratio was 8.16x. As a precaution against a worsening pandemic, Bureau Veritas obtained a waiver from its banks and USPP noteholders to relax its financial covenants at June 30, 2020, December 31, 2020 and June 30, 2021. As a consequence, the adjusted net financial debt/EBITDA ratio must be lower than 4.5x, 6.25x and 5.5x *versus* 3.25x previously at test dates and, for USPP only, the EBITDA/consolidated net financial expense ratio must be greater than 5.5x (unchanged), 2x and 3x *versus* 5.5x previously at the same dates.

Strong free cash flow at EUR 634.2 million delivered by optimization measures

Full year 2020 operating cash flow slightly decreased by 1.4% to EUR 809.1 million *vs.* EUR 820.4 million in 2019 (up 2.3% on an organic basis). Despite the decline in profit before income tax, this resilient performance resulted from a strong working capital requirement inflow of EUR 149.0 million, compared to a EUR 17.2 million outflow the previous year, due to a significant reduction in trade receivables notably. The Working capital requirement (WCR) stood at EUR 280.2 million at December 31, 2020, compared to EUR 450.2 million at December 31, 2019. As a percentage of revenue, WCR decreased by 270 basis points to 6.1%, compared to 8.8% in 2019. The Move For Cash program continued to improve operating working capital, with initiatives in place throughout the organization. Free cash flow (operating cash flow after tax, interest expenses and capex) was EUR 634.2 million, compared to EUR 617.9 million in 2019, up 2.6% year on year. On an organic basis, free cash flow reached EUR 662.6 million, up 7.2% year on year.

Proposed dividend

Bureau Veritas is proposing a dividend of EUR 0.36 per share for 2020. The proposed dividend will be paid in cash. Going forward Bureau Veritas expects to propose a dividend of around 50% of its adjusted net profit.

This is subject to the approval of the Combined Shareholders' Meeting to be held on June 25, 2021 at 3:00pm at Immeuble Newtime, 40-52 Boulevard du Parc, 92200, Neuilly-sur-Seine. The dividend will be paid in cash on July 7, 2021, (shareholders on the register on July 6, 2021 will be entitled to the dividend and the share will go ex-dividend on July 5, 2021).

2021 Outlook

Bureau Veritas remains uniquely positioned thanks to the diversity, the resilience of its portfolio and its numerous growth opportunities. Based on current uncertainties around the Covid-19 pandemic and assuming no severe lockdowns in its main countries of operation, Bureau Veritas expects for the full year 2021 to:

- achieve solid organic revenue growth;
- improve the adjusted operating margin;
- generate sustained strong cash flow

Next strategic plan

In the context of the Covid-19 pandemic, Bureau Veritas decided to postpone the announcement of its next strategic plan to the fourth quarter of 2021. On this occasion, Bureau Veritas will unveil the components of its financial ambition up to 2025.

Bureau Veritas remains committed to its non-financial performance. Ahead of the next strategic plan, it presented its strategy for social and environmental responsibility up to 2025.

For more information: group.bureauveritas.com

Sustainable development and extra-financial information[1]

Bureau Veritas' commitment to Corporate Social Responsibility (CSR) issues reflects its wish to play its part in efforts that each company and citizen should make to address society's social and environmental challenges. Besides its compliance with CSR regulations, Bureau Veritas also seeks to meet the needs of its clients, end consumers and all its stakeholders.

Owing to the nature of its services, Bureau Veritas has a direct and indirect impact on CSR issues: Directly, in each of its businesses, entities, subsidiaries and regions; Indirectly, Bureau Veritas offers a broad range of services aimed at improving the impact its clients have in terms of health and safety, security, environment and sustainable development. As an example, in October 2020, Bureau Veritas launched its "Green Line", a wide range of existing sustainability services that enable clients, private and public organizations to help them execute their sustainability strategies with trust and transparency.

For more information: https://Group.bureauveritas.com/fr/Groupe/responsabilite-societale-de-lentreprise.

(1) Source: Universal Registration Document published by Bureau Veritas on March 15th, 2021.

In millions of euros	2020 after IFRS 16	2019 after IFRS 16	Δ
Revenue	4,601.0	5,099.7	-9.8%
Adjusted operating income[1]	615.0	831.5	-26.0%
as a% of net sales	*13.4%*	*16.3%*	*-294bps*
Attributable adjusted net income[2]	285.2	451.0	-36.8%
Adjusted net financial debt[3]	1,329.1	1,813.3	-26.7%

(1) Bureau Veritas defines "adjusted" operating income as its operating income before revenue and expenses related to acquisitions and other non-recurring items (indicator not recognized under IFRS).
(2) Bureau Veritas defines attributable "adjusted" net income as attributable net income adjusted for other operating expenses net of tax.
(3) Net financial debt as defined in the calculation of bank covenants.

Top management

Didier Michaud-Daniel, CEO

François Chabas, Chief Financial Officer

Aldo Cardoso, Chairman of the Board of Directors since March 8, 2017

Wendel's involvement

Board of Directors: André François-Poncet (Vice-Chairman) since January 1, 2018, Jérôme Michiels, Stéphanie Besnier, Claude Ehlinger

Strategy Committee: André François-Poncet (Chairman since January 1, 2018), Stéphanie Besnier

Nomination and Compensation Committee: Claude Ehlinger

Audit and Risk Committee: Jérôme Michiels

For more information, please visit: *bureauveritas.com*

1.4.2 Cromology

Cromology, one of the European leaders

Cromology is a European leader in decorative paints. It has around 30 brands recognized on their respective national markets.

Cromology in brief

(Fully consolidated company)

Approx. 3,200 employees	6 R&D laboratories	Operations in 9 European countries	No. 2 in France and Portugal; N° 1 in Italy
€627,6 million in sales in 2020	Adjusted EBITDA(1) of €96.9 million in 2020	Stake held by Wendel: 95,4%	Amount invested(2) by Wendel: €550 million since 2006

(1) EBITDA before goodwill allocation entries, management fees and non-recurring items. Figure after IFRS 16.
(2) Cumulative amount of equity invested by Wendel in Materis and Cromology as of December 31, 2020. €125 million of additional capital injected in Cromology in May 2019.

Why did we invest in Cromology?

In 2006, Wendel acquired the Materis Group, which comprised four divisions: Aluminates (Kerneos), Mortars (Parexgroup), Admixtures (Chryso) and Paints (Materis Paints). In 2014, the Materis Group fully refocused its operations on its Paints business, selling Kerneos in March, Parexgroup in June and Chryso in October of that year for total net sales proceeds of €1.7 billion. On July 7, 2015, Materis Paints, the last Group division, rebranded as Cromology and set its sights on new challenges. The name "Cromology" reflects the Group's desire to embody the common mission of all of its commercial brands, which is to sustainably protect and improve its customers' surroundings with high-quality paints.

On May 13, 2019, Wendel signed an agreement to renegotiate the financial debt of Cromology, successfully capping a process initiated in Q4 2018. End of May, Wendel invested €125 million in equity alongside the new management team. The new equity contributed by Wendel will strengthen Cromology's financial structure, in particular by reducing its debt burden through the early repayment of €75 million in senior debt. The new equity also enabled the company to implement its transformation plan and finance its investments. Wendel and Cromology have obtained significant concessions from the lenders to give the company sufficient latitude to carry out its recovery plan. Specifically, senior debt maturity has been extended to five years, and financial covenants have been eased considerably, with no covenant until March 2022.

Cromology is a European leader in decorative paints, a market valued at over €13 billion (the size of the market in which Cromology operates is €4.5 billion). Present in seven European countries, Cromology designs, manufactures, sells and distributes a wide range of decorative paint and products to professionals and consumers. 65% of its activity is in France, 35% in Southern Europe and in the rest of the world.

The decorative paint market is mainly driven by home renovations, which makes it a fairly resilient market offering long-term growth. It is generally accepted that a home needs repainting on average every eight years and more often if the occupant changes. This timeframe can be shorter or longer depending on the country's economic activity, household confidence and purchasing power. Cromology's end-customers are both professionals and consumers. They expect product quality and consistency, availability and excellent customer service, which Cromology provides through its brand portfolio offering the best value for money and a dense distribution network ensuring that it remains close to customers. Cromology has strong local brands, some in the top three of each of its markets, such as Tollens and Zolpan in France, Robbialac in Portugal, Max Meyer in Italy and Arcol in Morocco. Another of Cromology's competitive strengths is that it generates 60% of its sales in its integrated distribution network of around 380 stores. This network distributes Cromology products along with a selected range of complementary products, such as tools or floor and wall coverings, to cater to the needs of a broad and diverse customer base. Indeed, 40% of its sales come from independent retailers and from large DIY stores. Furthermore, Cromology adopted an aggressive innovation policy over the past decade, notably with the development of eco-certified products: each year, around 20% of its sales have been achieved with products less than three years old.

Highlights of 2020

Cromology's 2020 sales totaled €627.6m, down 6.0% (6.2% organically) or €40m compared with 2019, impacted by the extreme COVID-19 lockdown measures in Europe in the first half of the year. Due to the COVID-19 crisis, outlets were largely closed between mid-March and mid-April, resulting in sales down approximately 70% during that period. However, once the lockdown ended, recovery was quicker than expected, with a significant rebound, in paint sales following end consumers strong demand. This led to total H2 sales growth of 5.7%, thereby confirming the sharp recovery observed since lockdown measures were lifted in May, followed by organic growth of 5.3% in Q3, and 6.2% in Q4. Changes in scope had a positive impact of 0.1% as a result of the acquisition of Districolor in June 2019. Fluctuations in exchange rates had a positive impact of 0.1%.

Cromology's EBITDA was €96.9m[(1)], up +34% benefiting from favorable customers, product and country mix and positive pricing dynamics, combined with the rapid implementation of temporary cost-saving measures to address the extraordinary situation. EBITDA margin stood at 15.4%, much higher than in 2019, demonstrating the positive trajectory driven by Cromology's management and also benefiting from a supportive raw material cost environment. In addition, structural cost reductions continued, with savings achieved for various line items.

The company generated increased cash flow and reduced its already low leverage by optimizing working capital, particularly thanks to better management of receivables. Working capital was improved by €41m in 2020; combined to a higher €25m EBITDA, this resulted in net debt decreasing to, €138.0m[(2)] on 31 December 2020, down €76m compared to 31 December 2019. As a reminder, in May 2019, at the time of Cromology's debt renegotiation and Wendel's €125m equity injection, Cromology obtained significant concessions from its lenders, specifically the suspension of financial covenants until 2022 and an extension of the senior debt maturity to 2024. Net debt to EBITDA ratio at the end of 2020 is down to 1.4x[(3)].

Outlook for development

Cromology is focusing its efforts on planning and managing operations in the context of the resumption of the pandemic in Europe as well as pursuing the execution of the transformation plans it has launched since 2019 and prioritizing sources of value creation. It also monitors closely its supply chain since the strong rebound of activity has resulted in tight material supplies and raw materials price increases. Given its solid financial structure, the company is in position to look for potential bolt-on acquisitions. Furthermore, Cromology is developing strong digital innovation to significantly improve service quality and better satisfy its customers.

(1) EBITDA including IFRS 16. EBITDA excluding IFRS 16 was €63.6m.
(2) Net Debt including IFRS 16. Excluding the impacts of IFRS 16, net debt was €27.6m.
(3) As per credit documentation, leverage is x0.5.

Sustainable development and non-financial information

The ambition of Cromology and its brands is to help our customers, professionals and individuals, to highlight their technical and aesthetic capabilities, thus contributing in a lasting way to everyone's comfort and well-being. This conviction means that, as a developer, manufacturer and distributor of decorative paints, Cromology is conscious of its responsibility to all stakeholders who work toward sustainable and responsible growth. For more information, see Chapter 4.

In millions of euros	2020 before IFRS 16	2020 after IFRS	2019 after IFRS 16	Δ[2]
Revenue	627.6	627.6	667.8	-6.0%
EBITDA[1]	63.6	96.9	72.2	+34%
as a% of net sales	*10.1%*	*15.4%*	*10.8%*	*+460 bps*
Net financial debt	27.6	138.0	214.1	-76.1

(1) EBITDA before goodwill allocation entries, management fees and non-recurring items.
(2) Changes calculated after IFRS 16.

Top management

Pierre Pouletty, Chairman

Loïc Derrien, Chief Executive Officer

Philippe Lederman, Chief Financial Officer

Wendel's involvement

Board of Directors: Josselin de Roquemaurel, Caroline Bertin Delacour, Benoît Drillaud, Charles Goulet, Elisa Philip, Jérôme Richard

Compensation Committee: Josselin de Roquemaurel (Chairman), Caroline Bertin Delacour, Charles Goulet

Audit Committee: Benoît Drillaud (Chairman), Caroline Bertin Delacour, Charles Goulet, Claude de Raismes

For more information, please visit: *Cromology.com*

1.4.3 Stahl

(Fully consolidated company)

A global Group with a strong presence in emerging economies

Stahl is the global leader in the specialty chemical treatment of leather, as well as associated services. Stahl also produces polymers and high-performance coatings for various materials such as textiles, paper, plastic, rubber and wood. Stahl offers a wide range of solutions to the automotive, shoe, apparel & accessories and home interior sectors, and for industrial applications.

Stahl in brief

Physically present in 22 countries	37 laboratories and 11 production sites	c.1,800 employees, of whom c.600 "Golden Hands"	No. 1 worldwide in specialty leather chemicals
€669.4 million in sales in 2020	Adjusted EBITDA(1) of €152.3 million in 2020	Stake(2) held by Wendel: 67.8%	Amount invested(2) by Wendel: €221 million since 2006

(1) Adjusted EBITDA before goodwill allocation entries, management fees and non-recurring items. After IFRS 16.
(2) Amount of equity invested by Wendel as of December 31, 2020, for the stake held at that date.

Why did we invest in Stahl?

Stahl is the world leader in specialty chemicals and services for leather surfaces and is capturing large market shares in niche applications for high-performance chemical coatings on other substrates. It enjoys high barriers to entry as a result of its expertise, the long-term relationships it maintains with its customers, which include major luxury and high-end car brands, as well as the very high level of skills of its "golden hands" technicians. Stahl has prospects for sustained growth generated by global leather consumption markets, in Asia in particular, and the development of fast-growing niche markets for high-performance coatings. The potential consolidation in the sector we identified in 2006, combined with rigorous financial discipline, has allowed Stahl to expand further and strengthen its market leadership. It derives approximately 65% of its sales from high growth regions. Since its initial investment of €171 million in Stahl in 2006, Wendel has received €341 million in dividends and loan repayments, owing in particular to Stahl's very strong cash generation. At end-2018, Wendel announced the acquisition of 4.8% of the capital of Stahl from Clariant for €50 million, bringing its total investment in the Company to €221 million.

Highlights of 2020

Stahl's sales totaled €669.4 million in 2020, representing a decrease of -17.2% *vs.* €808.7 million sales in 2019. Organic growth was down -14.3% and foreign exchange rate fluctuations had a negative impact of-2.9%.

After a challenging 2019, due to headwinds in the automotive end market, Stahl began 2020 with positive volume and sales trends. Nevertheless, the COVID-19 pandemic derailed this recovery and shifted the company's focus away from growth and towards navigating the crisis. While over the first quarter the COVID-19 outbreak was mainly limited to China and the drop in sales was contained to -2.4%, lockdown measures all over the world after Q1 impacted Q2 sales by -45%. June, however, already showed first signs of a recovery with customers gradually reopening and China returning to the prior year's sales levels. This steady month over month improvement was reflected in Q3 2020 sales, down -19% *vs.* Q3 2019, and in Q4, with a return to positive organic growth (+3.6%) while the order book development has been consistently positive since beginning of July.

Stahl's automotive business, representing about one third of total sales, has been rebounding since Q2, partially helped by government support policies in certain markets *(e.g,* China). The performance in other main end markets was more mixed with a very strong development in the Upholstery segment but a slower recovery in Footwear and Luxury goods markets. The smaller Polymers division also capitalized on increasing demand from the print and packaging market.

Despite this challenging context and thanks to management's focus and resilient business model, Stahl took swift measures and quickly adjusted its fixed cost base to market conditions and optimized its cash flow generation. EBITDA for the year totaled €152.3 million[(1)], translating into a margin of 22.7% (slightly up year-on-year).

Stahl remained highly cash generative throughout the year, notably thanks to the strict management of working capital and fixed costs reductions. As of December 31, 2020, Stahl's net debt stood at €245.0 million[(2)], a €119.4 million year-on-year reduction, thanks to Stahl's outstanding cash generation, achieved despite the difficult trading environment, which led to a simultaneous reduction of gross debt and increase in cash position. Leverage was reported at 1.6x EBITDA as of end of December 2020, *vs.* 2.0x end of December 2019.

Early September, Stahl announced the successful completion of a process of Amend and Extend of its debt facilities, with a temporary increase of its covenants until September 2021 and an extension of the maturities of its existing Senior Facility Agreement until 2023. Mandatory repayments on amortizing debt were rescheduled to provide Stahl with additional liquidity during the extended tenor.

On March 11th, 2021, Stahl announced the appointment of Maarten Heijbroek as the new Chief Executive Officer of Stahl. Maarten Heijbroek will join Stahl on July 1st, 2021 and will take over the CEO responsibilities from Huub van Beijeren, who will retire from Stahl at the end of June 2021 after fourteen years in the company. Huub van Beijeren will join Stahl board.

Until now, Maarten was holding the position of President Consumer Care at Croda International PLC. He started his career at Unilever in the B2B chemical business Uniqema in 1992 where he gained broad senior experience in sales and product management in a global context. In 2007 he joined Croda through the acquisition of Uniqema and in 2012 he was promoted to the Croda Group Executive Committee as President Performance Technologies and recently became responsible for the Consumer Care business.

Outlook for development

Amid a still-volatile and slowdown global economy still impacted by the COVID-19 pandemic, Stahl is focusing its efforts on the rebound of activity while taking all necessary steps to protect its profitability and cash generation. To do so, it will focus on ongoing product innovation, while stepping up marketing efforts and capitalizing on the positions it has established in high-growth regions (over 65% of sales). Stahl also intends to continue to develop service-oriented made-to-order solutions to its clients and develop solutions for numerous substrates, in order to expand its scope of business and gain further market share. The Group will continue to capitalize on its strengths, which are its innovation capabilities (innovative environmentally-friendly solutions and customized technologies), its strong position with top clients, exposure to emerging markets and active cost and cash flow management (strict financial discipline and value-adding investments).

Despite recent difficult performances, Stahl remains buoyed by strong long-term trends, such as the shift in its markets to emerging markets, particularly in Asia, and environmental regulations. These are beneficial to Stahl, given its leadership in this area and the fact that it has the only solution in the sector to comply with these regulations throughout the production chain. The trend towards bio-based chemicals continues to develop, and Stahl is the market leader with a solid bio-based chemistry portfolio.

(1) €152.3 million post IFRS 16 thus a 15.4% decline in EBITDA year on year. Excluding IFRS 16 impacts, EBITDA stood at €149.1 million
(2) Net debt post IFRS 16 impacts. Excluding IFRS 16 net debt stood at €228.8 million.

Sustainable development and non-financial information

Through its culture of continuous improvement, Stahl limits the impact of its activities on the surrounding ecosystems. Stahl's strategy is to promote greater transparency throughout the whole supply chain, leading to a more sustainable industry and a progressively lower environmental footprint. Sustainability also represents a significant opportunity for Stahl, to gain competitive advantage in the marketplace and drive operational excellence throughout the company. For more information, see Chapter 4.

In millions of euros	2020 before IFRS 16	2020 after IFRS 16	2019 after IFRS 16	Δ[2]
Revenue	669.4	669.4	808.7	-17.2%
EBITDA[1]	149.1	152.3	183.0	-16.8%
as a% of net sales	*22.3%*	*22.7%*	*22.6%*	*+10bps*
Net financial debt	228.8	245.0	364.4	-119.4

(1) Adjusted EBITDA before goodwill allocation entries, management fees and non-recurring items.
(2) Changes calculated after IFRS 16.

Top management

Huub van Beijeren, CEO until June 30th 2021. Marteen Heijbroek will succeed him.

Frank Sonnemans, CFO

Wendel's involvement

Board of Directors: Claude Ehlinger (Chairman), Félicie Thion de la Chaume, Bruno Fritsch, Jérôme Michiels

Nomination and Compensation Committee: Félicie Thion de la Chaume (Chairwoman), Claude Ehlinger

Audit Committee: Félicie Thion de la Chaume, Claude Ehlinger, Jérôme Michiels

For more information, please visit: *Stahl.com*

1.4.4 IHS Towers

IHS, the leading provider of telecom infrastructure in the EMEA region

IHS is one of the largest independent owners, managers and operators of telecommunications towers in the world. It is also a leader in the EMEA zone in terms of numbers of towers. The Group builds, leases and manages telecommunications towers that it owns or which are owned by others. With approximately 28,000 towers, IHS supports the leading mobile phone operators in each of its markets and is well-placed for future organic growth given the strong demand for infrastructure needs across Africa, the Middle East and Latin America.

IHS in brief

(Equity-method investment)

Present in 9 countries[(1)]	27,807 towers[(1)]	No. 1 in Africa	No. 4 independent TowerCo in the world
$1,403.1 million in sales in 2020	Approx. 2,000 employees	Stake held by Wendel[(3)]: 21.4%	Amount[(2)] invested by Wendel: $830 million since 2013

(1) Tower count excluding managed services and WIP as of December 31, 2020.
(2) Amount of equity invested by Wendel as of December 31, 2020, for the stake held at that date. Effective ownership of 19.8% after dilutive effect of profit-sharing mechanism.

Why did we invest in IHS?

IHS is a leading provider of passive telecom tower infrastructure for mobile phone operators. Over the last 20 years, the Group has successfully developed along the entire telecom tower value chain, from construction to leasing via maintenance. It provides market-leading service to its customers, who are leading telecom operators, including Airtel, MTN, Orange, and 9mobile.

With its investment in IHS, Wendel made its first direct investment in Africa, demonstrating its intention, at this time, to gain exposure to and participate in the continent's rapid growth. Wendel chose a company with an increasing number of projects, high-quality management and an outlook of balanced and profitable growth in several important and promising African nations, especially in Nigeria which represents about 75% of Group revenue. IHS's business is being buoyed by long-term trends that make Africa a strong growth region for telecom infrastructure:

- growth potential is higher than in mature economies, both in terms of GDP and demographics. In Sub-Saharan Africa, GDP has grown by 7% p.a. on average over the last 15 years and the continent's population is young, with a growing middle class;
- the telecom market in Africa is expanding steadily, driven by continued growth in the number of subscribers, expected to increase by an average of 4% p.a. between 2019 and 2024, and by an increase in the smartphone penetration rate, which at 44% at the end of 2019 is one of the lowest in the world; and is expected to grow to 65% in 2025;
- telecom operators need to extend their network coverage on a continent with low population density. This situation favors the sharing model for telecom towers. The need for new towers in Africa is estimated at around 170,000 units over the next several years, which would bring the total to 350,000;
- regulations are encouraging sharing of tower space so as to rapidly increase the coverage of telecom networks;
- new mobile internet services (3G and 4G deployment) are constantly being rolled out. In 2019, there were about 270 million mobile Internet users in Africa. This figure is expected to grow by an average of 10% p.a. through 2025.

In this promising context, fundamentals specific to IHS will enable it to achieve high growth rates in the coming years:

- as mobile telephone operators focus increasingly on the services they provide to customers and less on infrastructure, they are outsourcing the management of their telecom towers. IHS offers these operators turnkey services enabling them to cover the regions they target and benefit from excellent quality services;
- historically, IHS's success has been based on experience, specialized knowledge and the excellence of its engineers at the operating level. These qualities enable IHS to consistently deliver a high level of service to its customers. IHS's key performance indicators exceed those of its competitors and the company has a reputation as an innovator in the industry. These attributes contribute to improved margins and better customer service;
- its business model is resilient, based on contracts with mobile phone operators generating lease payments indexed mostly to the US dollar or inflation negotiated over periods of 10 to 15 years;
- most counterparties have a very sound financial condition; its multicultural and entrepreneurial management team have extensive experience in the African and worldwide telecom markets. IHS's founders still manage the company.

These advantages should enable IHS to continue growing steadily. The company will be able to increase its installed base of towers in the countries where it is already present and acquire passive networks in other countries offering attractive economic and demographic prospects.

Highlights of 2020

IHS performed very well despite the challenging global macro environment in 2020, as evidenced revenues which totaled $1,403.1 million, up 14.0% *versus* the prior year. IHS towers grew across all its markets with Nigeria posting the best performance.

Organic growth was at 16.3% for the year driven by new tenancies, new lease amendments, inflationary escalation mechanisms as well as the positive impact of foreign exchange reset mechanisms for US dollar-based fees. The devaluation in local exchange rates to the U.S. dollar had a negative impact of 6.4% on total revenues. The total number of owned & MLL towers (27,807[1] as of 31 December 2020) is up 15.5% since the start of the year following the integration of the acquisitions of 1,162 towers in Kuwait[2] and the c.2,319 towers of the CSS business in South America. The acquisitions of Kuwait and CSS in Q1 contributed 4.0% of revenue growth in the year.

The Point-of-Presence lease-up rate stands at 1.56x as of end of December.

IHS continued the successful development and rationalization of its installed base of towers. The company also maintained a tight operating cost control policy and lower capital expenditure since the start of the year. Despite a depreciation catch up following a change in battery useful life from 5 to 3 years, EBIT for the year increased by 44.4% to $410.4m[3] (*vs.* $284.1m in 2019), representing a margin of 29.2%. EBITDA is also up year-on-year.

As of December 31, 2020, IHS' net debt was $1,932.5 million[4] , up $591.0 million since the end of December 2019, mainly driven by Kuwait and CSS acquisitions, partly compensated by positive cash flow generation. As a reminder, in February 2020, IHS completed the acquisitions of towers from Zain in Kuwait and from Cell Site Solutions in Brazil, Peru and Columbia.

(1) Excluding managed services and WIP as of December 31, 2020.
(2) Approximately 450 additional towers remain to be transferred to IHS.
(3) Wendel's definition: EBIT excluding non-recurring items. Post IFRS 16. EBIT before IFRS 16 was $395.7m.
(4) Post IFRS 16. Net debt before IFRS 16 was $1,617.8m.

IHS management reacted quickly to lockdowns in each of their markets to ensure that the supply chain was not impacted such that operational performance has been good and there have been few disruptions to service over the past months despite the COVID-19 crisis. The macroeconomic environment, in Nigeria, has been impacted by the drop in oil prices and COVID-19 in 2020. As a result, the official CBN rate was devalued from 306 to 380 NGN for 1 USD and NAFEX moved from approximately 360 to approximately 410. Throughout the year there has been varying access to USD in the Nigerian market and IHS has been able to source all its hard currency requirements in addition to remaining in a strong overall liquidity position to meet its debt obligations and cover its expenses. IHS remains on alert regarding COVID-19 potential operational challenges and its economic impacts on clients.

On July 23, 2020, IHS in Nigeria expanded and amended some key terms in its tower lease agreement with MTN Nigeria, its largest customer in the region. These include an increased focus on rural connectivity and fiber access and an updated pricing structure for future technology upgrades and backhaul in the network. Furthermore, IHS and MTN Nigeria have agreed to change the foreign exchange reference rate (used contractually for the USD-based indexation of a portion of IHS revenues) from the Central Bank of Nigeria's official rate (“CBN”) to the Nigerian Autonomous Foreign Exchange rate (“NAFEX”).

On July 31, 2020, IHS Netherlands Holdco B.V. announced the successful completion of a tap issuance of $150 million in aggregate principal amount across its 8.000% Senior Notes due 2027 and its 7.125% Senior Notes due 2025. Proceeds will be used for general corporate purposes.

On August 14, 2020, IHS announced, in accordance with Rule 135 under the Securities Act of 1933, as amended, that it is exploring a potential registered initial public offering in the United States. In October 2020, Mr. Frank Dangeard was appointed to IHS Board of Directors and Audit Committee as new Wendel representative. Mr. Frank Dangeard is a former deputy CEO of France Télécom and current Board member of RBS and Chairman of the Board of NortonLifeLock (previously known as “Symantec”). In the first quarter of 2021, IHS Towers completed its second acquisition in 12 months in Brazil, with the acquisition of Skysites Holdings S.A. (“Skysites”), a specialist provider of small cells and urban telecommunications infrastructure. Skysites’ operations, which comprise approximately 1,000 sites, along with exclusive access to tens of thousands of premium real estate locations in urban settings, will be fully integrated into IHS Towers’ Brazilian operations over the coming months. In March 2021, TIM Brasil announced that it had entered into exclusive talks with IHS over the potential sale of a stake in its fiber network assets unit, FiberCo Solucoes de Infraestrutura (FiberCo).

For more information: https://www.ihstowers.com

$830 million invested by Wendel

To support IHS’s pan-African growth strategy, Wendel has invested $826 million between 2013 and 2016, participating in five capital increases alongside IHS’s shareholders, who are primarily major financial institutions active in economic development and top-tier private equity companies. In 2019, Wendel exercised warrants in IHS that were issued in 2012 for a net value of $4 million.

Among the shareholders are Emerging Capital Partners, a leader in private equity in Africa with more than 60 investments since 1997, International Finance Corporation (IFC), part of the World Bank Group, FMO, the Netherlands development bank, and Investec Asset Management (now Ninety-One), one of the largest investors in listed and unlisted companies in Africa. In 2014, new investors chose to support the growth of IHS, in particular Goldman Sachs, IFC Global Infrastructure Fund, African Infrastructure Investment Managers (Old Mutual and previously Macquarie), and the Singapore and Korean sovereign wealth funds GIC and KIC.

In addition, Wendel has brought together five US and European family investors (incl. FFP, Sofina, ERES and Luxempart) to invest alongside it in IHS. In addition to the $830 million it has invested, Wendel has thus far raised an additional $220 million through an IHS co-investment vehicle that Wendel manages and whose voting rights Wendel exercises.

On February 1, 2017, MTN Group (“MTN”) finalized the exchange of its 51% stake in Nigeria Tower InterCo BV, the operating holding company of INT Towers Limited, which manages more than 9,000 towers in Nigeria, for an additional direct stake in IHS Holding Limited (“IHS”). As a result of this transaction MTN’s economic interest in IHS Group increased from around 15% to around 29%. To preserve IHS’ independence, MTN’s voting rights, representation and access to information on IHS will remain limited. Following this simplification of IHS’ capital structure, Wendel holds 21.4%[1] of the share capital of IHS directly and remains IHS’ largest shareholder in voting rights with unchanged governance rights as a minority shareholder.

(1) Amount of equity invested by Wendel as of December 31, 2020, for the stake held at that date. Effective ownership of 19.3% after dilutive effect of profit-sharing mechanism.

Sustainable development and non-financial information

The purpose of IHS Towers is to have a positive impact on communities in the countries where it operates, helping to improve the quality and availability of telecom infrastructure in an increasingly connected world. Its investments in telecoms towers help to connect individuals, businesses and governments. With increased connectivity of individuals, opportunities for expansion are increasing. IHS Towers impact goes beyond the benefits of connectivity, and the company has a four pillars sustainable development strategy: Education and Economic Growth, Ethics and Governance, Employees and Communities and Environment and Climate Change. For more information: https://www.ihstowers.com/sustainability/

In millions of US dollars	2020 before IFRS 16	2020 after IFRS 16	2019 after IFRS 16	Δ(2)
Revenue	1,403.1	1,403.1	1,231.1	+14.0%
EBIT(1)	395.7	410.4	284.1	+44.4%
as a% of net sales	*28.2%*	*29.2%*	*23.1%*	*+610 bps*
Net financial debt	1,617.8	1,932.5	1,341.6	+314.7

(1) As per Wendel's definition, EBIT excluding non-recurring items.
(2) Changes calculated after IFRS 16.

Top management

Sam Darwish, Executive Chairman, CEO and founder

Adam Walker, Group CFO

Wendel's involvement

Board of Directors of IHS Holding: Jérôme Michiels (nomination pending), Frank Dangeard

Audit Committee: Jérôme Michiels (nomination pending), Frank Dangeard

Compensation Committee: Jérôme Michiels (nomination pending)

Nomination Committee: Jérôme Michiels (nomination pending)

For more information, please visit: *ihstowers.com*

1.4.5 Constantia Flexibles

Constantia Flexibles bases its international developement on innovation

Constantia Flexibles is a global leader in flexible packaging. The Group produces flexible packaging solutions for the consumer and pharmaceutical industries.

Constantia Flexibles in brief

(Fully consolidated company)

No. 2 in Europe, No. 3 worldwide	Approx. 8,275 employees		37 production sites in 16 countries
€1,505.3 million in sales in 2020	EBITDA of €189.4 million in 2020(1)	Stake held by Wendel: 60.8%	Amount invested by Wendel(2): €565 million since March 2015

(1) Adjusted EBITDA before goodwill allocation entries, management fees and non-recurring items. After IFRS 16
(2) Amount of equity invested by Wendel as of December 31, 2020, for the stake held at that date.

Why did we invest in Constantia Flexibles?

Founded by Herbert Turnauer in the 1960s, the Vienna-based Constantia Flexibles Group produces flexible packaging solutions for the consumer and pharmaceutical industries. Constantia Flexibles has successfully developed its activities outside Europe and, over the last five years, has become a global leader in flexible packaging. The Group now has approximately 8,300 employees in 16 countries.

The flexible packaging market for fast moving consumer goods, in which Constantia Flexibles operates, offers a combination of stability and growth. The business of Constantia Flexibles is largely independent of economic cycles because the Group caters to the daily needs of end-consumers. In addition, there are long-term megatrends supporting the growth of the flexible packaging market, such as urbanization and the increased consumption of single portions, tied in with the decline in the size of households and the development of the middle classes, especially in emerging markets. For several years, this market's growth in GDP terms has outpaced economic growth in developed and emerging countries.

In this fast-growing, resilient but highly fragmented market, Constantia Flexibles has clear competitive advantages enabling it to play a decisive role in the consolidation of the flexible packaging industry and offering long-term growth potential, such as:

- the Group's long-standing relationships with major global customers;
- the size of the Group, enabling Constantia Flexibles to harness economies of scale;
- the Group's technological edge, ability to innovate, sustainability solutions and robust manufacturing facilities;
- the ability of Constantia Flexibles to pursue an external growth strategy, as demonstrated by the 10 acquisitions carried out since 2010, including four in emerging markets. The acquired companies have aggregate sales of approximately €500 million.

On March 27, 2015, Wendel finalized the acquisition of Constantia Flexibles for an enterprise value of €2.3 billion, or around 9x 2014 EBITDA, and invested €640 million in equity for a 73% stake in the company, alongside the AREPO Foundation's €240 million, or 27% investment. Subsequently, on September 22, 2015, Wendel signed an agreement with Maxburg Capital Partners ("MCP"), an investment company backed by the RAG Foundation, to syndicate a minority share of its investment in Constantia Flexibles. Accordingly, in November 2015, MCP acquired approximately 11% of the capital of Constantia Flexibles from Wendel for €101 million.

Following this transaction, Wendel, the AREPO Foundation and MCP subsequently participated in a €50 million capital increase for Constantia Flexibles, each subscribing to a pro-rata stake, to finance the acquisitions of Afripack and Pemara.

Following the capital increase and MCP's investment in Constantia Flexibles, Wendel's equity investment in Constantia Flexibles totaled €565 million. Wendel is the company's controlling shareholder, with 60.8% of the share capital.

Consumer

The Consumer division represents around 77% of the sales of Constantia Flexibles. It encompasses a vast array of products to serve market segments ranging from dairy to confectionery *via* ready-made meals, as well as pet food. Because the products in this division cater to the daily needs of a global population, this business is largely independent of economic cycles. In addition, demand for flexible packaging in the consumer market is rising, in response to a growing global population, urbanization and higher environmental standards.

Constantia Flexibles supplies the consumer industry with consumer packaging solutions made of aluminum and various types of film. They include lids for dairy products; aluminum foil wrappings for butter and cheese; confectionery packaging; pouches for dried soups, sauces and ready-made meals; single-serve coffee capsules and light aluminum packaging systems also used for pet food.

This division of Constantia Flexibles is a global leader in several of its market segments (confectionery packaging and lidding) and serves consumer industry giants such as Nestlé, Unilever, Mars, and Pepsico.

Pharma

Constantia Flexibles produces different packaging solutions for the pharmaceutical industry, ranging from traditional aluminum foil blister packs to innovative packaging systems for new types of drug delivery (flexible sticks, inhalers, etc.) to sachets for powders and granules.

The pharmaceutical industry generates around 23% of the Group's sales, and Constantia Flexibles is the second-largest manufacturer of foil-based blister packs for medication.

Global demand for flexible packaging from the pharmaceutical industry is supported by three main growth drivers:

- higher life expectancies in developed markets and a corresponding rise in chronic diseases;
- the development of health systems in emerging economies; and
- the expanding liberalization of the sale of medication, which is accelerating the trend toward self-medication.

Furthermore, demand for innovative packaging solutions is buoyed by the strong competition between traditional pharmaceuticals and generics. Traditional laboratories are aggressively offering novel forms of drug delivery, in order to maintain their technological edge and market share.

Highlights of 2020

Constantia's organic sales were overall stable, down by -0.4%, reflecting a robust performance from the Pharma end market, up +6.3% but a decline in the Consumer end market (-2.4%). Total sales amounted to €1,505.3 million, down -1.9% compared to last year (€1,534.3 million) hindered by foreign exchange impacts. Consumer end markets were primarily impacted by lockdown measures due to COVID-19 in particular in India, South Africa and Mexico as well as lower-end demand in certain markets. The revenue growth of the European consumer business, benefiting from an increase in at-home food consumption in the first half of the year, was not sufficient to offset difficulties in emerging markets.

Foreign exchange rate fluctuations had a negative impact of -1.9%, due to the depreciation of the U.S. dollar, South African rand, Indian rupee, and Russian ruble. The consolidation of the Russian company Constantia TT contributed positively to growth, with a scope effect of +0.4%.

In addition to its overall resilient activity, Constantia worked on improving its profitability, conducting various cost reduction initiatives over the past 12 months. In addition to these efforts, a positive business/regional mix (European and Pharma businesses) and in particular favorable raw material costs fluctuations generated higher margins. EBITDA, restated from related COVID-19 costs, was up +1.8% at €189.4[(1)] million representing a 50 bps year-on-year increase in margin to 12.6%.

At the end of 2020 net debt was at €362.2 million[(2)], *vs.* €396.2 on December 31, 2019. Strong cash flow generation capacity combined with profitability increase results in a leverage standing at 1.8x[(3)] LTM EBITDA as of end of December. This leaves significant headroom to its covenant level of 3.75x, and the Company had ample liquidity as of end of December.

(1) EBITDA including IFRS 16 impacts and restated from Covid-related costs of €6.1m. EBITDA including these costs stands at €183.3m.
(2) Including IFRS 16 impacts. Excluding IFRS 16 net debt is €330.8m.
(3) As per bank covenant definition.

From a peak in activity level in March and April 2020, due to the essential nature of Constantia's products within the context of COVID-19 outbreak, the overall order intake has remained resilient. This resilience is expected to continue over the course of 2021 although there are still some lingering effects of lower demand in certain products categories. There is also be a much less favorable raw material's prices' environment in 2021.

On March 29, 2021 Constantia Flexibles announced Richard Kelsey was confirmed as new CFO of the company. Richard Kelsey joined Constantia Flexibles in 2010 as Group Head of M&A subsequently assuming the responsibility of Group Controlling & Accounting for three years. Since October 2020 he was interim CFO of Contantia Flexibles.

Outlook for development

A new strategy called Vision 2025 is currently under preparation by Pim Vervaat, Constantia's new CEO along with its new management team. This strategic roadmap should refocus strategic priorities primarily towards boosting growth and profitability. It should also strengthen the sustainable technology segment and the new Ecolutions suite of sustainable products, including the Ecolam technology, whose development has been slowed down by the pandemic including restrictions to conducting trials in this environment.

Sustainable development and non-financial information

Constantia Flexibles values sustainable improvements of its products as an opportunity to accelerate success factors by building long-term relationships with the company's key stakeholders. Constantia Flexibles' ambition is to supply flexible, superior packaging solutions that improve people's daily lives. This priority takes the form of global initiatives implemented by the Group that exceed regulatory requirements.

Constantia Flexibles pays particular attention to continual improvements in the consumption of raw materials, (principally aluminum, plastics, paper, and chemicals like inks and solvents), and to mitigating its carbon footprint. In 2018, Constantia Flexibles committed to ensuring that 100% of its packaging solutions would be recyclable by 2025. It has also set a target to reduce its absolute GHG emissions in accordance with climate science practices. Accordingly Constantia Flexibles uses appropriate procedures to monitor the possible impact of its products on the environment, in particular by performing life cycle assessments. For more information, see Chapter 4.

In millions of euros	2020 before IFRS 16	2020 after IFRS 16	2019 after IFRS 16	Δ[3]
Revenue	1,505.3	1,505.3	1,534.3	-1.9%
EBITDA[1]	174.8	189.4[2]	186.1	+1.8%
as a% of net sales	*11.6%*	*12.6%*	*12.1%*	*+50 bps[1]*
Net financial debt	330.8	362.2	396.2	-34

(1) Adjusted EBITDA before goodwill allocation entries, management fees and non-recurring items. EBITDA including IFRS 16 impacts.
(2) EBITDA restated from Covid-related costs of €6.1m. EBITDA including these costs stands at €183.3m.
(3) Changes calculated after IFRS 16.

Top management

Pim Vervaat, CEO

Richard Kelsey, CFO

Wendel's involvement

Supervisory Board: Josselin de Roquemaurel, Jérôme Richard, Constance d'Avout

Nomination and Compensation Committee: Josselin de Roquemaurel, Constance d'Avout

Audit Committee: Josselin de Roquemaurel, Jérôme Richard

For more information, please visit: *cflex.com*

1.4.6 Crisis Prevention Institute

Crisis Prevention Institute, a provider of training solutions, consultancy and assistance, is improving support, safety, trust and compliance for all in the workplace.

Crisis Prevention Institute, "CPI," is the U.S. leader in crisis prevention and aggressive behavior management training programs. For 40 years, CPI has been providing crisis prevention and intervention training programs to help professionals anticipate and respond to anxious, hostile and violent behaviors with safe and effective methods. The training programs have proven effective in reducing the frequency and impact of incidents resulting from aggressive behavior in the workplace. They boost the confidence of professionals, assist clients in complying with regulatory obligations and create a safer environment for employees and the community at large.

CPI in brief

(fully consolidated company from 2020)

Offices in 3 countries which organize training in some 17 countries	Over 9,000 clients and an installed base of 35,000 "Certified Instructors" who train over 1.4 million people each year.	308 employees	US market leader
$63.8 million in sales in 2020)	Adjusted EBITDA(1) of $26.1 million in 2020	Stake(2) held by Wendel: around 96%	Amount(2) invested by Wendel: $569 million in December 2020

(1) Adjusted EBITDA before goodwill allocation entries, management fees and non-recurring items. After IFRS 16.
(2) Amount of equity invested by Wendel as of December 31, 2020, for the stake held at that date.

About CPI

On December 23, 2019, Wendel completed the acquisition of the Crisis Prevention Institute (CPI). CPI, which is headquartered in Milwaukee, in Wisconsin, has been the U.S. leader in behavior management and crisis prevention training for 40 years. CPI specializes in "train the trainers" programs that teach and certify individuals to instruct staff at their organizations to assess, manage, and safely resolve instances of high-risk, disruptive, aggressive or high-risk behavior in the workplace. After taking a course, these employees of CPI clients become Certified Instructors (CI). They then train their colleagues with a view to issuing them with CPI's Blue Card™ certification at the end of their program.

The company's main clients are those in the fields of education and healthcare in the U.S. as well as other sectors where behaviors are a key issue, particularly human services, corporate services and security services. CPI has an installed base of around 36,000 active "Certified Instructors" who train over 1.4 million people a year. Over the last 40 years, CPI's certified instructors (CI) have trained over 15 million professionals in North America, Europe and worldwide.

CPI is Wendel's fourth investment in the U.S after Deutsch, CSP Technologies and Allied Barton.

Why did we invest in CPI?

CPI is the U.S. leader and is seen by healthcare and education professionals as the gold standard. The company's training programs have proven to be effective in improving personal safety and focus on the appropriate responses to high-risk situations. Moreover, they support staff retention and significantly reduce the likelihood of violence in the workplace as well as its seriousness and related costs. Drawing on in-depth knowledge of the relevant regulations at state and federal level, which are constantly changing and expanding in scope, CPI helps its clients to comply with regulatory requirements and to defend themselves in the event of incidents.

CPI's long-standing financial success is evidence of the quality of services the company offers its clients. For a number of years, it has reported growth and increasing margins. CPI's business model is strengthened by its diverse customer base, a net retention rate of over 100% and the relationships it has built over the past 20 years with its 500 key clients. Wendel's investment in CPI was motivated by the company's ability to expand this base, and to realize the significant potential for growth in adjacent markets and services. Wendel is supporting CPI management and employees in expanding the scope of their services and creating a global training platform with an even greater impact.

A mission-led business that shares Wendel's values.

Wendel is proud to be associated with CPI's mission which is aimed at reducing conflict and violence in the workplace. CPI is a mission-led business that provides essential services supported by its Certified Instructors and employees. They are all united around a common goal: ensuring the well-being of the company's stakeholders. As a supplier of essential services aimed at safeguarding communities, in particular where healthcare supports the most vulnerable, CPI's mission and values are consistent with Wendel's Code of Ethics.

Highlights 2020

In 2020, Crisis Prevention Institute (CPI) reported revenue of $63.8 million, down 27.3% compared to the same period in 2019. This decline reflects the impact of COVID-19 related lockdowns which began in mid-March and have persisted since then in most of the company's markets. As a result, CPI's ability to hold in-person, on-site training sessions has been limited. The decline in sales had a similarly negative impact on profitability but was partially offset by cost management initiatives implemented shortly after the lockdown began. CPI generated an EBITDA of $26.1 million, representing an overall decrease of approximately 35% year on year, resulting in a margin of 40.9% over the period.

Despite a strong start to 2020, with revenue growth of nearly 10% before the lockdowns, the impact of the COVID-19 shutdown resulted in reported revenue declines of 35.7% in the first half of 2020. Since the low point in Q2, CPI has reported sequential revenue improvement in Q3 and Q4 2020. The overall decline in activity in 2020 reflects restrictions on in-person training, which primarily impacted the Company's Initial Certification Program ("ICP") training sessions in which new Certified Instructors ("CIs") are trained and certified. Amidst the pandemic conditions, CPI accelerated the deployment of its virtual training program and its e-learning offering allowing certification renewals for its installed base of customers and introducing blended virtual and physical offering for new certifications. CPI's ongoing recovery has been driven by a combination of these new virtual and blended training capabilities, and by steady demand for renewals. The progressive shift towards digital training solutions has accelerated, with volumes of e-learning offerings used by CIs to train their colleagues, or "Learners", nearly doubling over the course of 2020. Nearly all trainings were completed remotely and through this blended offering since the beginning of the lockdown.

While many customers continue to face challenging work environments, including those in healthcare and education, CPI is helping customers maintain their certifications, as required by regulation and needed to ensure a safe work environment. The recent introduction of new programs, including virtual and blended learning, verbal de-escalation, and specialized renewals related to trauma and autism has expanded the Company's offering to better serve existing clients and new customers in lower acuity settings.

As of December 31, 2020, net debt totaled $337.8 million, or 11.45x EBITDA as defined in CPI's credit agreement. In August 2020, CPI negotiated a leverage covenant waiver with its lenders through Q1 2021, with covenant testing resuming at the end of Q2, in exchange for a minimum liquidity covenant set at $7.5 million (cash + available revolver). While its leverage ratio has increased, the company has continued to generate cash and net debt has remained largely stable over the past year. The Company's leverage level is expected to remain elevated until its very depressed 2Q 2020 EBITDA is no longer included in the trailing twelve-month EBITDA calculation.

In 2020, CPI bolstered its Executive team with a new CFO (replacing the outgoing CFO, who retired), a VP of Human Resources, and an International Managing Director.

Outlook for development

Short term prospects for a return to full demand are largely based on success of vaccination campaigns but although the pace and timing of recovery remain difficult to predict. CPI is already returning to higher levels of forward bookings and the company anticipates a sustained need for its services in the future.

CPI is benefiting from its position as leader in a market where demand for training on preventing and de-escalating crisis situations is increasingly high. CPI services are increasingly in demand due to a greater number of incidents and ever more restrictive regulations introduced by state and federal government. This is particularly true of educational and healthcare establishments which currently represent the bulk of CPI's sales. This is also increasingly the case in other sectors where violence and trauma in the workplace are commonplace. In addition to continuing these initiatives aimed at expanding in the United States, CPI is also investing in increasing its international presence, which accounted for around 22% of sales in 2020, mainly to clients in Canada, the United Kingdom and Australia. The company is constantly evaluating and improving its training programs and teaching methods. It will continue to suggest improvements, specialized services and new technological solutions over time in order to equip clients who are exposed to varying degrees of risk, enabling them to manage violence at work effectively.

Sustainable development and extra-financial information

Since CPI's founding, the Institute has played an increasing role in advocacy for the underserved populations and drastically reducing workplace violence. In 2018, CPI signed the internationally recognized "Principles of Responsible Investment" (PRI) to demonstrate its commitment to include PRI in evaluating business investments and operations. As a continuation, CPI implemented strategies and metrics in 2020 to align with Wendel Group's vision of ESG as a value-adding engine and avenue to maintain CPI's industry leadership. For more information, see Chapter 4.

In millions of US dollars	2020 before IFRS 16	2020 after IFRS 16	2019 after IFRS 16	Δ[1]
Revenue	63.8	63.8	87.7	-27.3%
EBITDA[1]	25.1	26.1	n.a	-c. 35%
as a% of net sales	*39.3%*	*40.9%*	*44.4%* [1]	*-350 bps* [1]
Net financial debt	333.1	337.8	n.a	+2.7 [1]

(1) EBITDA before goodwill allocation entries, management fees and non-recurring items. 2019 EBITDA and net debt are pre IFRS16 due to data availability, thus YoY changes are calculated excluding IFRS 16.

Top management

Tony Jace, CEO

Susan Driscoll, President

Joy Krausert, Chief Financial Officer

Wendel's involvement

Board of Directors: Adam Reinmann (Chairman), Harper Mates, Mel Immergut

Audit Committee: Harper Mates (Chairman), Adam Reinmann

For more information, please visit: *https://www.crisisprevention.com/*

1.4.7 Allied Universal

Sale of Wendel's residual investment in Allied Universal®

On April 29, 2020, Wendel has closed the sale of its remaining shares to an investor Group controlled by Warburg Pincus for additional proceeds of c. $196 million.

As a reminder, on December 13, 2019, Wendel and Allied Universal's existing shareholders completed a sale of a majority stake in the company to Caisse de dépôt et placement du Québec (CDPQ), and to a new investment Group led by Warburg Pincus and to an affiliate of the J. Safra Group (the "Transaction"). At the time, Wendel retained an approximately 6% ownership interest in the company after selling 79% of its total investment in Allied Universal for net cash proceeds of $721 million.

As in December, the Transaction valued Wendel's combined proceeds, at approximately $918 million, or approximately 2.5x total invested capital in USD.

1.4.8 Tsebo

Tsebo shareholders announced on October 19, 2020 to deliver their shares to the investment arms of the company's senior creditors in a consensual transaction.

Wendel acquired Tsebo in 2017 and provided additional equity in 2019 to strengthen the company's financial position. The transaction will also result in the payment of the guarantee granted by the shareholders in 2017, as part of the investment of B-BBEE partners. The transfer of control of the capital to a South African consortium of investors and management ensures the strengthening of Tsebo's financial position and preserves its strong B-BBEE profile, enabling the company to return to growth in the future. These transactions were finalized on December 18, 2020.

1.4.9 Other portfolio information

As part of its investments in the Wendel Lab, Wendel has increased its investment commitments to a total of approximately $125 million. After previous funds' investments in Innovation Endeavors, Invascent and Quadrille (funds of funds) and directly in Alphasense, Wendel has entered into a new partnership with Accolade Partners, giving it access to the expertise of additional funds such as Accel, Andreessen Horowitz and Bond. As of December 31, 2020, $48 million had been effectively invested through the Wendel Lab.

2

CORPORATE GOVERNANCE

This "Corporate governance" section includes extracts from the report of the Supervisory Board on Corporate governance prepared pursuant to Articles L. 22-10-20 and L. 22-10-34 of the French Commercial Code. The Supervisory Board's report also includes information pertaining to the Shareholders' Meetings (section 8.4.4) and information that could have an impact in the event of a public offer (section 8.3.11). Lastly, it includes information regarding delegations of power and authority for capital increases (section 8.3.7), and the observations of the Supervisory Board (section 9.3). This report was issued by the Supervisory Board at its meeting on March 17, 2021, after review by the Governance and Sustainability Committee.

2.1 Governing and supervisory bodies

Since 2005, the Company has been governed by an Executive Board and a Supervisory Board. This section explains how the Company's governing bodies operate, their composition and the rules of ethics that apply to them.

2.1.1 The Supervisory Board and its operations

2.1.1.1 Composition of the Supervisory Board

The Supervisory Board is composed of a minimum of 3 and a maximum of 18 members.

The members of the Supervisory Board are appointed by the shareholders, voting in their Ordinary Meeting, for a four-year term. They can be re-appointed. In order to foster a harmonious turnover on the Supervisory Board and enable a smooth transition between the members of the Supervisory Board, staggered renewals were organized in 2005 following the move towards a dual structure.

The number of Supervisory Board members being more than 70 years old may not, after each Ordinary Shareholders' Meeting, exceed one-third of current Board members. Should this proportion be exceeded, the term of the oldest member of the Supervisory Board, except for the Chairman, will end at the close of the following Ordinary Shareholders' Meeting.

Changes in the composition of the Supervisory Board

The composition of the Supervisory Board has changed since the Shareholders' Meeting of July 2, 2020: Harper Mates joined the Board on January 1, 2021 as second member representing employees, after having been appointed at the end of 2020 by Wendel's Social and Economic Committee, in accordance with Article L. 225-79-2 of the French Commercial Code as amended by the "Pacte" Act of May 22, 2019, and the amendment to Article 12 of the bylaws approved by the Shareholders' Meeting of July 2, 2020.

Before this appointment, in 2020, the Supervisory Board was composed of 11 members appointed by the Shareholders' Meeting and a 12th member representing employees, appointed by the Social and Economic Committee, in accordance with the legal and statutory provisions in force.

The expiry dates for the terms of each member as of December 31, 2020 were as follows:

2021 Shareholders' Meeting	2022 Shareholders' Meeting	2023 Shareholders' Meeting	2024 Shareholders' Meeting
■ Nicolas ver Hulst ■ Bénédicte Coste ■ Priscilla de Moustier ■ Édouard de L'Espée ■ Nicholas Ferguson	■ Franca Bertagnin Benetton ■ Guylaine Saucier	■ Jacqueline Tammenoms Bakker ■ Gervais Pellissier ■ Humbert de Wendel	■ Thomas de Villeneuve

Since 2014, the Company has met the legal requirement that at least 40% of its Supervisory Board members are women, as the ratio now stands at 45%. As of the publication of this Universal Registration Document, 5 women sit on the Supervisory Board: Franca Bertagnin Benetton, Bénédicte Coste, Priscilla de Moustier, Guylaine Saucier, Chairwoman of the Audit, Risks and Compliance Committee, and Jacqueline Tammenoms Bakker, Chairwoman of the Governance and Sustainability Committee.

The Supervisory Board members representing employees are not included in the calculation of the percentage of women on the Board, in accordance with French law.

The renewal of the terms of Nicolas ver Hulst, Priscilla de Moustier and Bénédicte Coste, will be submitted for approval to the Shareholders' Meeting of June 29, 2021. Édouard de l'Espée, member of the Supervisory Board since September 6, 2004, and Nicholas Ferguson, member of the Supervisory Board since May 18, 2017, have expressed their intention not to seek renewal of their terms. The appointment of François de Mitry, to replace Édouard de l'Espée, will be proposed to the Shareholders' Meeting of June 29, 2021 (see below).

Subject to the approval of the Shareholders' Meeting, the Supervisory Board after the Meeting will be composed of 12 members, including 2 members representing employees, i.e:

- 50% of women; and
- 40% of independent members,

these proportions being expressed excluding members representing employees.

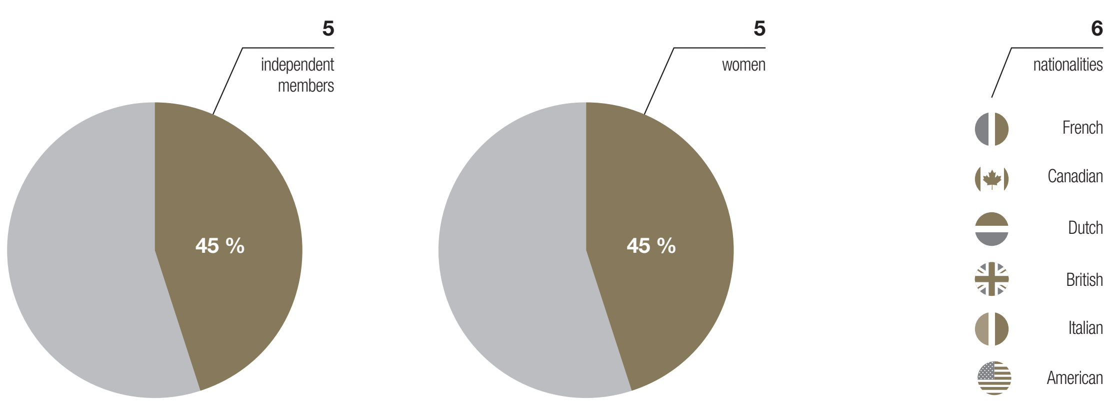
Supervisory Board members at April 15, 2021

Name	Gender	Age	Nationality	Position on the Supervisory Board	Date first appointed to the Supervisory Board	Date current term ends	Number of Wendel SE shares held on 12/31/19	Committee member	Independent as defined in the Afep-Medef Code
Nicolas ver HULST	M	67	French	Chairman	05/18/2017	2021 AGM	500	-	
Gervais PELLISSIER**	M	61	French	Vice-Chairman Lead Member	06/05/2015	2023 AGM	500	ARCC	•
Franca BERTAGNIN BENETTON*	F	52	Italian	Member	05/17/2018	2022 AGM	500	ARCC	•
Bénédicte COSTE	F	63	French	Member	05/28/2013	2021 AGM	1,060	GSC	
Édouard de L'ESPÉE	M	72	French	Member	09/06/2004	2021 AGM	5,000	GSC	
Nicholas FERGUSON*	M	72	British	Member	05/18/2017	2021 AGM	500	GSC	•
Harper MATES	F	38	American	Member representing employees	01/01/2021	12/31/2024	687	-	
Priscilla de MOUSTIER	F	68	French	Member	05/28/2013	2021 AGM	150,443	GSC	
Guylaine SAUCIER***	F	74	Canadian	Member	06/04/2010	2022 AGM	500	ARCC and GSC	•
Jacqueline TAMMENOMS BAKKER***	F	67	Dutch	Member	06/05/2015	2023 AGM	500	ARCC and GSC	•
Sophie TOMASI PARISE	F	42	French	Member representing employees	09/05/2018	11/20/2022	2,941	GSC	
Thomas de VILLENEUVE	M	48	French	Member	07/02/2020	2024 AGM	500	ARCC	
Humbert de WENDEL	M	64	French	Member	05/30/2011	2023 AGM	225,064	ARCC	

AGM = Annual General Meeting; GSC = Governance and Sustainability Committee; ARCC = Audit, Risk and Compliance Committee

* *The number of asterisks shows the number of directorships held in another listed company.*

13 members including **2** members representing employees



The Supervisory Board's diversity policy

In an effort to promote diversity of profiles among the members of the Board, the Governance and Sustainability Committee has strengthened its selection process so as to promote a variety of skills and nationalities. The key skills of each member of the Supervisory Board are described in their biographies below.

Candidates are selected on the basis of the following criteria in particular: knowledge of the investment sector, financial expertise, governance of family-owned companies, knowledge of various industrial sectors, international experience, management and leadership experience, balanced representation of men and women, availability and a suitable level of independence to serve on the Board.

The Supervisory Board periodically reviews its skills matrix in order to identify the experiences and qualifications that should be strengthened within the Board. Analysis of the results of this matrix, corroborated by those of the Board's annual assessment, indicates that the Supervisory Board would benefit from the addition of the following skills:

- experience as CEO of an industrial company or an investment fund;
- experience abroad or in the US;
- experience in digital transformation.

At the end of 2020 and early 2021, a process for the selection of a new member of the Supervisory Board was put in place, taking into account the replacement of Édouard de l'Espée, whose term expires at the end of the 2021 Shareholders' Meeting.

As a member of the Wendel family, the selection process followed the steps described below:

- the Company's Governance and Sustainability Committee has drawn up a candidate profile taking into account various selection criteria, in particular the skills that could enhance the Board, as resulting from the skills matrix and the conclusions of the annual assessment of the Board;
- the Committee then reviewed applications and the independent members of the Committee interviewed the candidates; the Committee issued its recommendation to the Supervisory Board, which chose the person to be submitted to the Shareholders' Meeting.

A a result of this process, a proposal will be made to shareholders at the Shareholders' Meeting of June 29, 2021 to appoint François de Mitry.

François de Mitry will provide the Supervisory Board with his professional experience in the investment sector, gained within its successive positions in the alternative asset manager Intermediate Capital Group Plc (1997-2012) and in the investment fund Astorg (since 2012) in London. He will also share with the Board his knowledge of the European and American markets, in particular in the fields of software, healthcare, business services and technology-based industrial companies, gained from his time at Astorg. In addition, he already has a good view on Wendel, as being member of the Supervisory Board from 2004 to 2012.

Independence of Supervisory Board members

The Supervisory Board is designed to guarantee impartial deliberation and includes members who qualify as independent. It reviews the independence of its members every year.

It uses the Afep-Medef Code's definition of "independent member." This is: "A director is independent if he or she has no relationship of any kind with the Company, its Group or its management, which could compromise his or her judgment."

At their respective meetings on February 17 and March 17, 2021, the Governance and Sustainability Committee and the Supervisory Board reviewed the independence of each member based on the following criteria, in accordance with recommendation 9.5 under the Afep-Medef Code, as to whether they:

- were not employees or executive corporate officers of the Company, employees, executive corporate officers or directors of the parent company or of a company consolidated by it, either currently or at any time in the five previous years;
- were not executive corporate officers of a company in which the Company holds, directly or indirectly, a directorship, or in which an employee designated as such or an executive corporate officer of the Company (current or in the last five years) holds a directorship;
- were not customers, suppliers, investment bankers or corporate bankers:
  - of the Company or the Group to a significant extent, or
  - for which the Company or the Group accounts for a significant portion of the business;
- did not have family ties with a corporate officer of the Company;
- have not been a Statutory Auditor of the Company during the previous five years;
- have not been directors of the Company for more than 12 years. The loss of independent director status occurs at 12 years.

To determine whether or not the nature of a business relationship with the Group is material, the Supervisory Board – following the recommendation of the Governance and Sustainability Committee – carries out a quantitative and qualitative review of the situation of each member concerned, based on the following criteria:

- the companies involved in the business relationship;
- the nature of the business relationship (customer/supplier/management position/member of a governance body), as well as its frequency;
- the significance of the business relationship with regard to (i) the revenue generated between the parties concerned, and (ii) the existence or absence of economic dependence or exclusivity between the parties.

The independence of Gervais Pellissier was subject to in-depth investigation as IHS, a company within the Wendel portfolio, had signed a sub-contracting agreement with Orange for new towers in Cameroon and Ivory Coast and Gervais Pellissier is the Delegate Chief Executive Officer of Orange in charge of Human Resources and Group Transformation and Chairman of Orange Business Services.

The Supervisory Board confirmed Gervais Pellissier's independence given that:

- Wendel has a stake of only 21.4% in IHS and holds, in association with its co-investors, 28.9% of IHS' voting rights (at December 31, 2020);
- Gervais Pellissier does not manage Orange's operations in Africa, which is where IHS operates;
- the revenue generated between parties is not material.

Following the review of the independence of its members, the Supervisory Board estimated that on March 17, 2021, 5 members out of 11, *i.e.* 45%, met the independence criteria set by the Afep-Medef Code: Franca Bertagnin Benetton, Gervais Pellissier, Guylaine Saucier, Jacqueline Tammenoms Bakker and Nicholas Ferguson. The composition of the Supervisory Board therefore complies with recommendation 9.3 of the Afep-Medef Code, which advocates that at least one-third of the Board members of controlled companies be independent.

It is specified that the Supervisory Board members representing employees are not included in the calculation of the proportion of independent Board members, in accordance with the Afep-Medef Code.

No conviction for fraud, official public incrimination and/or public sanction or liability for bankruptcy during the previous five years

To the best of the Company's knowledge and on the date of this Universal Registration Document, subject to the following clarification, no member of the Supervisory Board has, during the last five years: (i) a conviction for fraud or an official challenge and/or an official public sanction pronounced by statutory or regulatory authorities, (ii) been associated with a bankruptcy, receivership, liquidation or placement under judicial administration, (iii) has been disqualified by a court from serving as a member of an administrative, management or supervisory body of an issuer or from participating in the management or conduct of the affairs of an issuer.

Nicolas ver Hulst is Chairman of the Board of Directors of the company BR Gaming, which is subject to court-ordered liquidations proceedings beginning on September 2, 2015. These proceedings are ongoing.

Conflicts of interest, family ties and service contracts

Nicolas ver Hulst, Bénédicte Coste, Édouard de l'Espée, Priscilla de Moustier, Thomas de Villeneuve and Humbert de Wendel are members of the Wendel family. They are also directors or non-voting directors of Wendel-Participations SE, the Company's main shareholder, which represents the interests of Wendel family members. Priscilla de Moustier is Chairman and CEO of Wendel-Participations SE.

To the Company's knowledge, as of the date of issue of this Universal Registration Document, there is no existing or potential conflict of interest between the private interests or other obligations of the members of the Supervisory Board and their obligations with regard to the Company that has not been handled in accordance with the conflict-of-interest management procedure specified in the internal regulations of the Supervisory Board and described in 2.1.8.2 "Business ethics", "Conflicts of interest" paragraph.

To the Company's knowledge, one Supervisory Board member – Gervais Pellissier – works for a Group that has been selected as the client or supplier of a Wendel Group company. This situation was examined by the Governance and Sustainability Committee at a meeting on February 17, 2021 and the Supervisory Board at a meeting on March 17, 2021 (see above, "Independence of members of the Supervisory Board").

Supervisory Board members have no family ties with the Executive Board members.

Restrictions on the sale of shares held by the members of the Supervisory Board are described in 2.1.8.1 "Market ethics".

2.1.1.2 Information regarding members of the Supervisory Board

Nicolas ver HULST

Chairman of the Supervisory Board

Date appointed to first term: May 18, 2017

Current term expires on: AGM to be held in 2021 *(proposed renewal)*

Born on August 21, 1953

French nationality

Address:
20 Cité Malesherbes
75009 Paris
France

Key skills:

- Private equity
- Finance
- CEO

Career path:

Nicolas ver Hulst is a graduate of École Polytechnique and holds an MBA from INSEAD.

He began his career at the French department of Telecommunications before joining BNP.

From 1985 to 1995, he worked in various positions at CGIP, including as head of business development.

From 1989 to 2017, he held management positions at Alpha Associés Conseil, initially as an Executive Board member, then as CEO, and from 2007 as Chairman. His term of office at Alpha Group ended on October 16, 2017.

Other appointments as of December 31, 2020:

Wendel Group:

Director of Wendel-Participations SE

Other:

Member of the Supervisory Board of MPM Advisors

Director of Septagon Sicav

Manager of Milkyway Capital Soparfi

Manager of Northstar SC

Manager of Orion SC

Director of Midas Wealth Management

Appointments expired in the last five years:

Member of the Executive Board of Alpha Associés Conseil

Chief Executive Officer of Glacies Holding

Director of Cyrillus-Vertbaudet

Member of the Supervisory Board of Financière Ramses

Number of Wendel shares held as of December 31, 2020: 500

Gervais PELLISSIER

Vice-President of the Supervisory Board

Lead Member of the Board

Member of the Audit, Risks and Compliance Committee

Independent member

Date appointed to first term: June 5, 2015

Current term expires: AGM to be held in 2023

Born on May 14, 1959

French nationality

Professional address:
Orange
78, rue Olivier-de-Serres
75015 Paris
France

Key skills:

- CFO
- Experience in the field of digital and new technologies
- Management

Career path:

Gervais Pellissier is a graduate of HEC, as well as Berkeley in California and the University of Cologne in Germany. He joined Bull in 1983 and held positions of increasing responsibility in finance and management control in France, Africa, South America, and Eastern Europe. In 1994, he was appointed Chief Financial Officer of the Services and Systems Integration division, and then of the IT Outsourcing division. He became Director of Management Control at Bull and in 1998, its Chief Financial Officer.

From April 1, 2004 to February 1, 2005, Gervais Pellissier was the Associate Manager guiding the Board of Directors and Deputy Chief Executive Officer of Bull. From February 2005 to mid-2008, he was Vice-Chairman of the Bull Board of Directors.

He joined the France Télécom Group on October 17, 2005 and was appointed CEO of France Télécom Operadores de Telecomunicaciones in November 2005. In this role he merged France Télécom's landline and mobile activities in Spain into a single structure.

From January 2006 to February 2009, he served as a member of France Télécom's General Management Committee, in charge of Finance and Operations in Spain.

From March 2009 to March 2010, he served as the Executive Vice-President in charge of Finance and Information Systems.

In November 2011, Gervais Pellissier was appointed Deputy Chief Executive Officer of France Télécom-Orange, which became Orange on July 1, 2013, retaining the full scope of his activities. On September 1, 2014, he was appointed Deputy Chief Executive Officer, Executive Director in charge of European operations (excluding France).

In May 2018, Gervais Pellissier took over new responsibilities in the Orange Group Executive Committee as the Group's Deputy CEO for Transformation, as well as Chairman of Orange Business Services.

Since September 1, 2020, Gervais Pellissier is Deputy CEO, Human Resources and Group Transformation Director and Chairman of Orange Business Services.

He holds two of France's highest honors: Knight of the Legion of Honor and Officer of the National Order of Merit.

Other appointments as of December 31, 2020:

Orange Group:

Orange SA – Deputy Chief Executive Officer since October 26, 2011 (listed company)

Orange Espagne (Spain) – Director since June 26, 2006 and Chairman since March 1, 2016

Orange Polska SA – Member of the Supervisory Board since April 11, 2013 (listed company)

Orange Horizons – Director since October 19, 2014

Fondation des Amis de Médecins du Monde – Founder and Director since May 23, 2014

Appointments expired in the last five years:

EE Ltd. (United Kingdom) - Director until January 2016

Mobistar/Orange Belgium - Director until July 19, 2018 (listed company)

Number of Wendel shares held as of December 31, 2020: 500

Franca BERTAGNIN BENETTON

Member of the Supervisory Board

Member of the Audit, Risks and Compliance Committee

Independent member

Date appointed to first term: May 17, 2018

Current term expires: AGM to be held in 2022

Born on October 23, 1968

Italian nationality

Professional address:
Evoluzione SpA
Vicolo Avogari
5, 31,100 Treviso
Italy

Key skills:

- Private equity
- Family business
- International experience

Career path:

Franca Bertagnin Benetton is a graduate of Boston University and holds an MBA from Harvard University (1996). She is a director of Edizione Srl, the investment holding company of the Benetton family.

She started her career at Colgate Palmolive in New York (USA) as Product Manager in Global Business Development, and then held the same position in Hamburg (Germany).

She later worked for the strategy consulting firm Bain & Co in Italy until joining Benetton Srl in 1997.

Since 2003, she has been CEO of her Family Office Evoluzione SpA, managing diversified investments in private and public equity.

In June 2005 she became Director of Edizione Srl. She has been a director of Benetton Srl (since 2013), Autogrill Spa (since 2017), Telepass Spa (since 2019) and Fondation Benetton (since 2019).

She currently serves on the European Advisory Board of the Harvard Business School and the international Advisory Board of Boston University.

Other appointments as of December 31, 2020:

CEO of Evoluzione Spa

Director of Edizione Srl

Director of Autogrill Spa (listed company)

Director of Benetton Srl

Director of Telepass Spa

Director of Fondazione Benetton

Appointments expired in the last five years:

Director of Aidaf, the Italian Chapter of FBN (Family Business Network)

Chief Executive Officer of Evoluzione Finanziaria Srl

Chief Executive Officer of Evoluzione Immobiliare Srl

Number of Wendel shares held as of December 31, 2020: 500

Bénédicte COSTE

Member of the Supervisory Board

Member of the Governance and Sustainability Committee

Date appointed to first term: May 28, 2013

Current term expires on: AGM to be held in 2021 *(proposed renewal)*

Born on August 2, 1957

French nationality

Professional address:
4, avenue Lamartine
78170 La Celle-Saint-Cloud
France

Key skills:

- Finance
- Corporate Strategy
- CEO

Career path:

Bénédicte Coste is a graduate of the École des hautes études commerciales (HEC with a major in finance) and holds a degree in law.

She began her career in the finance division of Elf Aquitaine where she managed a portfolio in the Markets & Portfolio department from 1980 to 1984.

In 1986, she started a portfolio management business first as an independent, then created Financière Lamartine SA, a portfolio management company, which obtained approval from the French market regulatory authority (COB) in 1990 (authorization No. GP 9063 on July 27, 1990). Financière Lamartine is specialized in discretionary management for private clients.

She is a member of the Bank and Asset Management Group at the HEC Association.

She was President of AFER, the French savings and retirement association, from April 2004 to November 2007.

In 2011, she graduated with a BTS in agricultural management from l'École supérieure d'agriculture d'Angers.

Other appointments as of December 31, 2020:

Main position:

Chairwoman and CEO of Financière Lamartine

Wendel Group:

Director of Wendel-Participations SE

Other:

Chairwoman of Association samarienne de défense contre les éoliennes industrielles

Manager of SCEA Domaine de Tailly (farm)

Manager of Groupement forestier de la Faude

Appointments expired in the last five years: none.

Number of Wendel shares held as of December 31, 2020: 1,060

Édouard de L'ESPÉE

Member of the Supervisory Board

Member of the Governance and Sustainability Committee

Date appointed to first term: September 6, 2004

Current term expires on: AGM be held in 2021

Born on September 5, 1948

French nationality

Professional address:
SingAlliance
16 bis rue de Lausanne
CH-1201 Geneva
Swiss

Key skills:

- Macroeconomics
- Bond investment
- International experience

Career path:

Graduated from l'École supérieure de commerce de Paris in 1972.

Édouard de L'Espée began his career in 1972 as a financial analyst in Geneva, then as a bond specialist and portfolio manager at Banque Rothschild in Paris. Since 1981, he has been managing a bond fund and portfolios for private clients of the Banque Cantrade Ormond Burrus, Geneva.

In 1986, he participated in the creation and development of an independent portfolio management company in London (Cursitor Group) and co-founded Praetor Gestion (Luxembourg) in 1987 and managed its bond funds, followed by Concorde Bank Ltd (Barbados) in 1988.

In 1999, he founded Calypso Asset Management in Geneva, in which he is the Managing Director. In 2008, he merged Calypso and Compagnie Financière Aval and became the Executive Director and Chief Investment Officer (CIO) of the new entity.

In 2017, he co-founded SingAlliance SA in Geneva and was its CIO until December 2020. The SingAlliance Group manages over one billion dollars in assets in Singapore and Geneva.

Other appointments as of December 31, 2020:

Main position:

Director and fund manager of SingAlliance SA (Switzerland)

Wendel Group:

Non-voting Board member at Wendel-Participations SE

Other appointments:

Director of Pro-Luxe SA (Switzerland)

Appointments expired in the last five years:

Member of the Swiss Financial Analysts Association until 2018

Number of Wendel shares held as of December 31, 2020: 5,000

Nicholas FERGUSON

Member of the Supervisory Board

Member of the Governance and Sustainability Committee

Independent member

Date appointed to first term: May 18, 2017

Current term expires on: AGM be held in 2021

Born on October 24, 1948

British nationality

Professional address:
Savills
18 Queensdale Road
W11 4QB London
United Kingdom

Key skills:

- Private equity
- Listed securities
- Experience as a non-executive corporate officer

Career path:

Nicholas Ferguson holds a degree in economics from the University of Edinburgh and an MBA from Harvard Business School. He is Chairman of Savills plc., also Chairman of Africa Logistics Properties and director of Maris Capital.

From 1983 to 2001, he was Chairman of Permira (formerly Schroder Ventures); from 2001 to 2012 he was Chairman and CEO of SVG Capital; and from 2012 to 2015 he was Chairman of Sky Plc.

Nicholas Ferguson is also a founder of Kilfinan Group, a non-profit organization made up of senior business people who provide mentoring to chief executives of UK charities.

He is highly active in philanthropy and was awarded the 2013 Beacon Award for Place-Based Philanthropy. For ten years he was Chairman of the Courtauld Institute of Art and of the Institute for Philanthropy.

Other appointments as of December 31, 2020:

Chairman of Savills plc (listed company)

Chairman of ALP

Non-profit organizations:

Chairman of Kilfinan Group

Chairman of Kilfinan Trust

Appointments expired in the last five years:

Chairman of Alta

Chairman of Nyland Director of Environmental Defence Fund Europe

Director of Arcadia Trust

Director of Maris Capital

Number of Wendel shares held as of December 31, 2020: 500

Harper MATES

Member of the Supervisory Board, employee representative

Date of first appointment: January 1, 2021

Current term expires on December 31, 2024

Born on June 10, 1982

American nationality

Professional address:
Wendel North America
Carnegie Hall Tower
152 West 57th Street, 55th Floor
New York, NY 10019

Career path:

Harper Mates is Managing Director and member of the Investment Committee of Wendel.

Prior to joining the New York office in 2015, Harper was Vice-President at MidOcean Partners, a private equity fund, where she was Head of Investments in the Services and Media sectors.

She began her career at J.P. Morgan Chase as an analyst and then worked at Citi Private Equity as an Associate. Harper holds an MBA from Harvard Business School.

Other appointments and positions as of January 1, 2021:

Managing Director at Wendel

Director of Elevator Holdo Inc. (Crisis Prevention Institute)

Number of Wendel shares held as of December 31, 2020: 687

Priscilla de MOUSTIER

Member of the Supervisory Board

Member of the Governance and Sustainability Committee

Date appointed to first term: May 28, 2013

Current term expires on: AGM to be held in 2021 (proposed renewal)

Born on May 15, 1952

French nationality

Address:
94 rue du Bac
75007 Paris
France

Key skills:

- Family business
- ESG
- International experience

Career path:

Priscilla de Moustier holds an MBA from INSEAD, a bachelor's degree in mathematics and a master's degree in economics from the Paris University as well as the diploma of the Institut d'études politiques.

After negotiating the sale of turnkey manufacturing facilities for Creusot-Loire Entreprises and working as a consultant at McKinsey, she joined Berger-Levrault, where she was responsible for new project development in the Metz technology park.

Since 1997, she has supervised Wendel's involvement in the university teaching chair and subsequently the Wendel center at INSEAD.

She also represents Wendel-Participations in the Family Business Network.

Other appointments as of December 31, 2020:

Wendel Group:

Chairman and CEO of Wendel-Participatiosns SE

Other:

Chairwoman of the Supervisory Board of Oxus Holding

Vice-President of the French chapter of the Family Business Network

Member of the Supervisory Board of F-451

Chairwoman of Fondation Acted

Director of Acted

Director of Somala (Marais de Larchant SA)

Appointments expired in the last five years:

Director of American Library of Paris

Director of FBN International

Number of Wendel shares held as of December 31, 2020: 150,443

Guylaine SAUCIER

Member of the Supervisory Board

Chairwoman of the Audit, Risks and Compliance Committee

Member of the Governance and Sustainability Committee

Independent member

Date appointed to first term: June 4, 2010

Current term expires: AGM to be held in 2022

Born on June 10, 1946

Canadian nationality

Professional address:
1321 rue Sherbrooke Ouest
Montreal H3G1J4
Canada

Key skills:

- Risk, internal control, audit
- Governance
- Corporate Strategy

Career path:

Graduate, with a baccalauréat ès arts, from the Collège Marguerite-Bourgeoys and a license degree in business from the École des hautes études commerciales de Montreal.

A Fellow of the Order of Certified Public Accountants of Quebec, Guylaine Saucier was Chairman and CEO of Gerard Saucier Ltée, a major Group specializing in forestry products, from 1975 to 1989. She is also a certified director of the Institute of Corporate directors.

She holds or has held positions on the Boards of Directors of several major companies, including Bank of Montreal, AXA Assurances Inc., Danone and Areva.

She was Chairwoman of the Joint Committee of Corporate governance (ICCA, CDNX, TSX) (2000-01), Chairwoman of the Board of Directors of CBC/Radio-Canada (1995-2000), Chairwoman of the Board of Directors of the Canadian Institute of Chartered Accountants (1999-2000), member of the Board of Directors of the Bank of Canada (1987-1991), member of the Commission of Inquiry on Unemployment Insurance (1986) and member of Minister Lloyd Axworthy's task force on social security reform (1994). Ms. Saucier was the first woman appointed President of the Quebec Chamber of Commerce. She has played a very active role in the community as a Board member of various institutions, including the University of Montreal, the Montreal Symphony Orchestra and the Hôtel-Dieu de Montreal.

She was recognized as a member of the Order of Canada in 1989 for her exceptional civic-mindedness and significant contribution to the business world.

On May 18, 2004, she was named a "Fellow" of the Institute of Corporate directors, and on February 4, 2005, received the 25th McGill University Management Achievement Award. On September 3, 2010, she was made Honorary Corporate Director by the Collège des Administrateurs de Sociétés.

She received an honorary Ph.D. degree from the University of Laval in 2017.

Other appointments as of December 31, 2020:

Listed companies:

Member of the Board of Directors of Cuda Oil & Gaz (formerly Junex Inc.) (Quebec)

Member of the Board of Directors of Tarkett

Member of the Board of Directors of Rémy Cointreau

Appointments expired in the last five years:

Member of the Board of Directors of Scor (2016)

Number of Wendel shares held as of December 31, 2020: 500

Jacqueline TAMMENOMS BAKKER

Member of the Supervisory Board

Chairwoman of the Governance and Sustainability Committee

Member of the Audit, Risks and Compliance Committee

Independent member

Date appointed to first term: June 5, 2015

Current term expires: AGM to be held in 2023

Born on December 17, 1953

Dutch nationality

Professional address:
33 Thurloe Court
London SW 3 6 SB
United Kingdom

Key skills:

- Experience as a non-executive corporate officer
- Human resources and compensation
- Management

Career path:

Jacqueline Tammenoms Bakker holds a BA in History and French from Oxford University and an MA in International Relations from the John Hopkins School for Advanced International Studies in Washington D.C.

She worked for Shell from 1977 to 1988, McKinsey from 1989 to 1995, and Quest International (Unilever) from 1995 to 1998.

She moved to the public sector in the Netherlands in 1999, serving as Director of Gigaport from 1999 to 2001, and as Director General at the Ministry of Transport from 2001 to 2007, responsible for civil aviation and freight transport.

From 2006 to 2007 she was Chairman of the High-Level Group for the future of aviation regulation in Europe, reporting to the EU Commissioner for Transport.

She was awarded Knight of the Legion of Honor in 2006 in recognition of her contribution to the co-operation between France and the Netherlands.

Other appointments as of December 31, 2020:

Listed companies:

Member of the Supervisory Board of CNH Industrial

Member of the Supervisory Board of TomTom

Member of the Supervisory Board of Boskalis

Non-profit organizations:

Member of the Consultative Committee of Transparency International NL

Member of the VEUO Board (NL Association of listed companies)

Appointments expired in the last five years:

Member of the Board of Nexus Institute

Member of the Supervisory Board of Unibail Rodamco (2015-2020)

Chairwoman of the Board of the Van Leer Group Foundation

Number of Wendel shares held as of December 31, 2020: 500

Sophie TOMASI PARISE

Member of the Supervisory Board, employee representative

Member of the Governance and Sustainability Committee

Date appointed to first term: September 5, 2018

Current term expires on November 20, 2022

Born on April 19, 1978

French nationality

Professional address:
89, rue Taitbout,
75009 Paris,
France

Career path:

Sophie Tomasi Parise holds post graduate degrees in corporate and tax law from the University of Cergy Pontoise and the University of Montpellier.

She started her professional career with Wendel (CGIP at the time) in 2001 as a junior member of the tax team, with a main focus on tax compliance.

She has gradually taken charge of tax audits, the supervision of tax compliance and the tax coordination of certain M&A projects and deals.

Other appointments and positions held at December 31, 2020:

Deputy Tax Director Wendel

Number of Wendel shares held as of December 31, 2020: 2,941

Thomas de VILLENEUVE

Member of the Supervisory Board

Member of the Audit, Risks and Compliance Committee

Date appointed to first term: July 2, 2020

Date current term ends: AGM to be held in 2024

Born on May 19, 1972

French nationality

Professional address:
1 rue Paul Cézanne
75008 Paris
France

Key skills:

- Private equity and investment
- Experience in the telecoms, media and technology sectors
- International experience

Career path:

Graduate of HEC.

Thomas de Villeneuve began his career as a consultant at strategic consultancy firm The Boston Consulting Group, in Paris and New York, from 1994 to 2001.

He then joined the private equity firm, Apax Partners, specialist in the mid-market segment in France, Italy and Benelux, where he is now Managing Director, responsible for investment in the fields of telecom/media/technologies.

In the course of his career he has been a member of a number of company Boards and, in particular, director of the listed company Altran Technologies, an international engineering and research and development firm, for around 10 years.

Other appointments as of December 31, 2020:

Wendel Group:

Director of Wendel-Participations SE

Other:

Director of Apax Partners SAS

Director of Clarisse SA

Director of the association We2Go

Managing Director of Société Civile Hermine

Chairman & Non-executive Board member of Experlink Holding B.V. (Netherlands)

Chairman and Board member of A ShadesofGreen Capital B.V. (Netherlands)

Chairman and Board member of A Stichting Administratiekantoor ShadesofGreen Capital (Netherlands)

Director MelitaLink Advisor Limited (Malta)

Director MelitaLink Management Limited (Malta)

Managing Director of SCI La Valentine

Member of the Supervisory Board of Oditop SAS

Chairman of Apax Avenir SAS

Director of Destilink BV (Belgium)

Permanent representative of Destiling Finco BV (Belgium)

Chairman of Graifin SAS

Member of the Supervisory Board of Grailink SAS

Appointments expired in the last five years:

Director of Altran Technologies (listed company)

Class A Manager of Cabolink SARL (Luxembourg)

Manager of Cabolink Gérance SARL (Luxembourg)

Class A Manager of Cabolink Holdco SARL (Luxembourg)

Class A Manager of Fourteensqaure SARL (Luxembourg)

Director of Cabonitel SARL (Luxembourg)

Sole manager of Visaolinktel, Unipessoal LDA (Portugal)

Manager of Eiger 1 SARL (Luxembourg)

Director of Eiger GP SA (Luxembourg)

Member of the Supervisory Board of InfoPro Digital SAS (France)

Managing Director of Experlink BV (Netherlands)

Director of Comitium SAS

Director of Comitium HoldCo SAS

Number of Wendel shares held as of December 31, 2020: 500

Humbert de WENDEL

Member of the Supervisory Board

Member of the Audit, Risks and Compliance Committee

Date appointed to first term: May 30, 2011

Current term expires: AGM to be held in 2023

Born on April 20, 1956

French nationality

Professional address:
89, rue Taitbout
75009 Paris
France

Key skills:

- CFO
- Experience in the industrial sector
- Finance

Career path:

Graduate of the Institut d'études politiques de Paris and ESSEC.

Humbert de Wendel has spent his entire career with the Total Group, which he joined in 1982, mainly holding positions in the Finance department, first heading trading floor operations and then financial operations, successively, for several divisions in the Group. He also spent several years in London at the finance division of one of Total's joint ventures.

Director of acquisitions and divestments and in charge of the Group's corporate business development from 2006 to 2011, he was Director of Financing and Cash Management and Treasurer of the Group until 2016.

Other appointments as of December 31, 2020:

Wendel Group:

Director of Wendel-Participations SE

Other:

Manager of OGQ-L SÀRL

Appointments expired in the last five years:

Other appointments within the Total Group (foreign companies):

Chairman of Total Finance Global Services SA (Belgium) (2016)

Chairman of Total Finance Nederland BV (Netherlands) (2016)

Managing Director and Board Member of Total Finance Corporate Services Ltd (United Kingdom) (2016)

Chairman and Director of Total Capital Canada Ltd (Canada), Director of Total Funding Nederland BV (2016)

Director of Total Upstream UK Ltd (2016)

Director SUNPOWER Corp. (USA) (2016) (listed company)

Number of Wendel shares held as of December 31, 2020: 225,064

New member of the Supervisory Board whose appointment is proposed to the Shareholders' Meeting of June 29, 2021, replacing Édouard de l'Espée

François de Mitry

Member of the Supervisory Board

Date appointed to first term: June 29, 2021

Date current term ends: AGM to be held in 2025

Born on January 27, 1966

Luxembourg nationality

Professional address:

3 St James Square

London SW1 Y4JU

United Kingdom

Key skills:

- Investment
- International experience
- Experience as a corporate officer of a listed company

Career path:

François de Mitry holds a Master's degree in Economics and a postgraduate diploma in Finance from Dauphine Paris University and the Institut d'Etudes Politiques in Paris.

He began his career in the M&A team of HSBC in London. He joined Société Générale in 1991 as business manager of the LBO/Financing department, and then as deputy director from 1994. He then joined in 1997 the alternative asset manager Intermediate Capital Group Plc (ICG) in London, of which he became managing director in 2005.

Between 2004 and 2012, François de Mitry was member of the Wendel Supervisory Board.

In 2012, il joined the investment fund Astorg in London, of which he became managing partner in 2018. Astorg primarily invests in software, healthcare, business services and technology-based industrial companies, in Europe and in the USA.

Other appointments as of December 31, 2020:

Wendel Group:

Director of Wendel-Participations SE

Other:

Director of Astorg Asset Management

Director of Astorg Group

Classe A Manager of Astorg Advisory Services Mid-Cap

Director of Astorg Advisory Services

Member of the Supervisory Board of Flowbird Holding 1

Member of the Supervisory Board of Saphilux

Class A Manager of Saphilux GP

Director of AAM UK Branch, AAS UK Branch

Director of Axiom UK Midco Ltd, Axiom UK Topco Ltd, Axiom UK Nominee Ltd

Director of A7 Invest Bidco Ltd

Director of Cidron Healthcare IT 4 Ltd

Member of the Supervisory Board of Loire UK Holdco Ltd

Director of Tremolo Holdco Ltd, Tremolo Bidco Ltd, Tremolo Midco Ltd

Director of TopNexus Ltd, MidNexus Ltd, BidNexus Ltd

Director A of Greyhound Dutch Topco BV

Appointments expired in the last five years:

Class A Manager of Hosta / Megadyne

Advisor of Megadyne Spa

Director of Audiotonix Group Ltd

Director of Audio UK 2, Audio UK 3, A6 Audio Bidco Ltd

Managing Director of Astorg Partners UK Branch

Chairman of the Board of French Park 1 / Parkeon

Number of Wendel shares held as of December 31, 2020: 3,000

2.1.1.3 Preparation and organization of the Board's proceedings

The Supervisory Board's internal regulations set down the rights and responsibilities of the members of the Board, state the criteria for evaluating independence, and describe the composition and the remit of the Board and its committees. It also sets out the rules for managing conflicts of interest and market ethics (see section 2.1.8, "Compliance issues involving the Group's governing and supervisory bodies"). It is regularly reviewed and updated. The latest changes are dated March 18, 2020 and concerned the description of the missions of the Audit, Risk and Compliance Committee and the Governance and Sustainability Committee, in connection with changes to the Supervisory Board's role in ESG.

The main provisions of the Board's internal regulations are detailed below.

The members of the Supervisory Board agree to comply with all legal and regulatory obligations as well as all requirements set forth in the Company's bylaws, the Board's internal regulations, the Company's Market Confidentiality and Ethics Code, the Company's Ethics Code and the Company's policies for combating bribery and influence peddling.

The Supervisory Board meets as often as the interests of the Company require, and at least once a quarter, as convened by its Chairman.

The Chairman of the Supervisory Board is responsible for convening the Board and chairing its discussions. Meetings are held and decisions made according to the quorum and majority conditions required by law. In the event of a tie, the Chairman casts the deciding vote.

Notices of meeting are sent by post or e-mail and, whenever possible, one week in advance. In an emergency, the Board may be convened without advance notice. Members of the Supervisory Board attend Board meetings in person but when this is not possible have the option of attending remotely by telephone or video conference. This is the case, in particular, for meetings that are convened without advance notice or during a health crisis such as in 2020.

The Statutory Auditors are invited to all meetings of the Supervisory Board at which the annual or semi-annual financial statements are examined, attending the parts of the meeting during which those financial statements are discussed.

The Supervisory Board meets regularly. A record of attendance is kept. The Supervisory Board met 13 times in 2020: 8 scheduled meetings and 5 *ad hoc* meetings for specific projects. The average attendance rate was 99% for scheduled meetings and 93.1% for *ad hoc* meetings, and the average length of meetings was 3 hours.

The attendance rate for each Supervisory Board member was as follows:

	Scheduled meetings	**Ad hoc meetings**
Nicolas ver Hulst (Chairman of the Supervisory Board)	100%	100%
Gervais Pellissier (Vice-Chairman and lead member of the Supervisory Board)	87.5%	100%
Franca Bertagnin Benetton	100%	100%
Bénédicte Coste	100%	80%
Édouard de L'Espée	100%	100%
Nicholas Ferguson	100%	100%
Priscilla de Moustier	100%	100%
Guylaine Saucier	100%	100%
Jacqueline Tammenoms Bakker	100%	100%
Sophie Tomasi Parise	100%	80%
Thomas de Villeneuve (from July 2, 2020)	100%	100%
François de Wendel (until July 2, 2020)	100%	50%
Humbert de Wendel	100%	100%

The majority of these Board meetings are held without the Executive Board present for part of the meeting (executive sessions).

Supervisory Board meetings in 2020	Physical presence	Presence by videoconference/ conference call	Absence
February 5	✓	-	-
March 18	-	✓	-
April 9	-	✓	François de Wendel Sophie Tomasi Parise
April 29	-	✓	Gervais Pellissier
June 4	-	✓	-
June 5	-	✓	Bénédicte Coste
July 1	Nicolas ver Hulst Priscilla de Moustier Sophie Tomasi Parise	Franca Bertagnin Benetton Bénédicte Coste Édouard de L'Espée Nicholas Ferguson Gervais Pellissier Guylaine Saucier Jacqueline Tammenoms Bakker François de Wendel Humbert de Wendel	-
July 30	-	✓	-
September 16	Nicolas ver Hulst Priscilla de Moustier Sophie Tomasi Parise	Franca Bertagnin Benetton Bénédicte Coste Édouard de L'Espée Nicholas Ferguson Gervais Pellissier Guylaine Saucier Jacqueline Tammenoms Bakker Thomas de Villeneuve Humbert de Wendel	-
October 14	Nicolas ver Hulst Bénédicte Coste Édouard de L'Espée Priscilla de Moustier Sophie Tomasi Parise Gervais Pellissier Thomas de Villeneuve	Franca Bertagnin Benetton Nicholas Ferguson Guylaine Saucier Jacqueline Tammenoms Bakker Humbert de Wendel	-
October 20	-	✓	-
November 3	-	✓	-
December 9	-	✓	-

New Supervisory Board members undergo a training program, during which they meet the Company's senior management (Induction Day). These sessions were set up for Thomas de Villeneuve in 2020 and for Harper Mates early 2021, who also met with the Chairwomen of the Committees.

The Supervisory Board's Secretary is Caroline Bertin Delacour, General Counsel.

Considerable care is taken to provide Supervisory Board members with comprehensive, high-quality information in preparation for meetings and to transmit these information packages promptly.

The Board Secretary prepares minutes of each meeting. It is distributed prior to the following meeting, during which it is submitted for approval. The minutes are then transcribed in the register.

Board members also receive all information published by the Company (press releases) at the time of its release. The press review is distributed to them every day at the same time as the Company and the main analyst studies are given to them at the next Supervisory Board meeting.

2.1.1.4 Remit of the Supervisory Board

As specified in the Supervisory Board's internal regulations, the Supervisory Board individually and collectively represents all shareholders. The Board must conduct its business in the shared interest of the Company. It is a collegial body in which decisions as well as comments on the decisions of the Executive Board are made collectively.

In its role of supervising the management of the Company, the Supervisory Board pays particular attention to social and environmental issues, which are inherent to the Company's value creation strategy.

In 2020, the Board's work focused primarily on the impact of the Covid-19 crisis in the first half of the year and, in the second half of the year, on the strategic plan and the succession plan for the Executive Board. More generally, the main items discussed at Supervisory Board meetings in 2020 and in early 2021 were as follows:

Corporate strategy, operations and finance

- new strategic plan for 2021-2024 and roadmap of the Executive Board;
- proposed investments and divestments;
- quarterly reports of the Executive Board on the situation of the Company and the portfolio companies;
- impact of the Covid-19 health crisis on the Company and portfolio companies and stress tests;
- net asset value;
- parent company and consolidated financial statements at December 31, 2019 and June 30, 2020 and Statutory Auditors' reports;
- dividend;
- presentation of the management report;
- reports of the Audit, Risks and Compliance Committee;
- quarterly financial information;
- financing;
- share buybacks;
- financial communication.

Corporate governance, ESG and compliance

- succession plans;
- renewal of the terms of the members of the Executive Board;
- Supervisory Board and Committees composition;
- reports of the Governance and Sustainability Committee;
- short-term and long-term compensation of the Executive Board;
- sponsorship and solidarity actions;
- definition of Wendel's corporate purpose and review of the Group's ESG strategy;
- non-financial reporting;
- professional and pay equality, notably in terms of recruitment, maternity leave and the pay gap;
- review of the Company's compliance with the Afep-Medef Code;
- evaluation of the operations and work of the Supervisory Board;
- report of the Supervisory Board on Corporate governance;
- regulated related-party agreements;
- annual review of regulated related-party agreements remained in force and adoption of the charter on regulated related-party agreements and agreements relating to day-to-day operations concluded under normal conditions;
- Wendel's compliance program, including the implementation of anti-corruption measures (Sapin II law);
- resolutions submitted to the Shareholders' Meeting;
- capital increase reserved for members of the Group savings plan.

2.1.1.5 Evaluation of the Supervisory Board and its committees

Recommendation 10 of the Afep-Medef Code advises the Board to "evaluate its capacity to meet the expectations of shareholders […] by periodically reviewing its composition, organization and operations […]". Specifically, it suggests that the Board discuss its operations once a year and perform a formal evaluation at least once every three years.

At Wendel, the last external evaluation was in 2017 and the Supervisory Board evaluation was again entrusted to an independent firm at the end of 2020.

This independent firm conducted individual interviews with the members of the Supervisory Board and the Executive Board, the Executive Vice-President in charge of Finance and the Secretary of the Board, on the basis of a questionnaire previously structured around several topics specific to Wendel. The responses provided during these interviews were then analyzed by the firm, and supplemented with benchmarks for the practices of other companies and recommendations on Corporate governance.

The firm then produced two reports:

- one relating to the functioning of the Board and the Committees as collective bodies, which was presented to the Supervisory Board on March 17, 2021; and
- the other relating to the individual assessment of the members of the Supervisory Board, which was communicated to the Chairman of the Supervisory Board and to each member, for information concerning him or her.

The principal conclusions of the evaluation are as follows:

Main strengths of the Board:

2020 situation: the Supervisory Board supervised the management of the health and economic crisis by the Executive Board and dealt with two major issues for the future of Wendel: an in-depth review of the strategy and the succession of the Executive Board, whose term expired in April 2021.

Governance: The Board's evaluation shows a high level of commitment, availability and preparation on the part of the Board members. The independent members expressed their satisfaction with their ability to express their point of view and be listened to.

Relations with Management: the Board welcomes the relationship of trust that exists with the Executive Board, as well as the quality and transparency of information and exchanges with the management team.

Diversity of Board member profiles: The diversity of genders, nationalities, generations and experience is appreciated by the members of the Board, each bringing a complement of skills and personality useful to the functioning of the Board and the Committees.

Committee work: The quality of the work of the Governance and Sustainability Committee and the Audit, Risks and Compliance Committee is highly praised and appreciated.

Food for thought for the future:

Board composition: Board members suggested limiting the size of the Board to preserve its effectiveness. They wish to further improve the diversity of profiles by seeking out the following skills among the next members who will join the Board: experience as CEO of an industrial company or an investment fund, international or American background, experience in digital transformation.

Board meetings: Board members would like to see a change in the agenda of meetings to focus on certain topics, such as the quarterly review of portfolio companies. They also requested that the directors of the portfolio companies continue to speak at these meetings and that the Board continue to travel to the companies' operating sites whenever possible.

Succession plan: the members of the Board consider it appropriate to continue to work on improving the succession plan for Board members and management.

2.1.2 Supervisory Board Committees

For the Board to discharge its responsibilities under optimal conditions, its internal regulations stipulate that discussions on certain topics should be prepared in advance by standing committees. There are two such committees: the Audit, Risks and Compliance Committee and the Governance and Sustainability Committee. The responsibilities of each committee are specified in the internal regulations of the Supervisory Board.

2.1.2.1 The Audit, Risks and Compliance Committee

Composition of the Audit, Risks and CompliancevCommittee

As of the date of the Universal Registration Document, the Audit, Risks and Compliance Committee has 6 members.

The Chairman of the Supervisory Board is invited to each Committee meeting.

Each member of the Committee has the required financial and accounting expertise, insofar as they occupy or have occupied senior executive positions in industrial or financial companies, as prescribed by recommendation 16.1 of the Afep-Medef Code. Guylaine Saucier is a member of the Quebec Chartered Professional Accountants Order. Franca Bertagnin Benetton manages a number of investments in her Family Office. Gervais Pellissier is Deputy Chief Executive Officer of Orange and former Chief Financial Officer of the same company. He was also Chief Financial Officer of Bull. Thomas de Villeneuve is Managing Director of Apax Partners.

Guylaine Saucier, Gervais Pellissier, Jacqueline Tammenoms Bakker and Franca Bertagnin Benetton are the Committee's independent members, 4 members out of 6 (*i.e.* two-thirds of the members). The Committee is chaired by Guylaine Saucier, an independent member. The composition of the Audit, Risk and Compliance Committee is in line with recommendation 16.1 of the Afep-Medef Code, which recommends at least two-thirds of independent members.

Responsibilities of the Audit, Risks and Compliance Committee

Pursuant to recommendation 16.2 of the Afep-Medef Code, to French decree No. 2008-1278 of December 8, 2008 pertaining to the Statutory Auditors, to the AMF's final report on Audit Committees published in July 2010, and to AMF Recommendation 2010-19, Wendel's Audit, Risks and Compliance Committee is principally responsible for monitoring:

- the process for preparing financial and extra-financial information;
- the effectiveness of internal control and risk management systems;
- the audit of parent company and consolidated financial statements by the Statutory Auditors;
- the independence of the Statutory Auditors.

More specifically, and pursuant to Article XVI.i.b of the internal regulations of the Supervisory Board, the main tasks of Wendel's Audit, Risks and Compliance Committee are to:

- review all accounting and financial documents to be issued by the Company before they are published (in particular the periodic calculation of net asset value);
- ensure that the accounting policies chosen are appropriate and properly applied in the preparation of parent company and consolidated financial statements;
- ensure that the processes used to produce financial and extra-financial information are rigorous enough to guarantee the reliability of this information;
- ensure the appropriate accounting methods are used for any significant or complex transaction realized by the Company;
- ensure that a process is in place for identifying and analyzing risks liable to have a material impact on accounting and financial information and particularly on the Company's assets;
- in terms of anti-corruption measures, review risk mapping and monitoring the implementation of action plans;
- review risk exposure, hear from internal audit and risk control managers and offer advice on the organizational structure of their departments;
- keep abreast of the internal audit program;
- monitor extra-financial performance indicators;
- review information in extra-financial reporting;
- serve as liaison with the Statutory Auditors and consult them regularly;
- oversee the Statutory Auditor selection process and submit its findings to the Supervisory Board, and issue a recommendation on the Statutory Auditors for shareholder approval at the Shareholders' Meeting;
- review the audit and consulting fees paid by the Group and Group-controlled companies to the Statutory Auditors and their networks and submit a report thereon to the Supervisory Board;
- examine any work that is accessory to or directly complementary to the audit of the financial statements (work directly related to the audit);
- inform the Supervisory Board of any observations it considers relevant from an accounting and financial point of view, in particular when the semi-annual and annual parent company and consolidated financial statements are finalized;

- review the Company's earnings releases;
- review any issues within its remit raised by the Supervisory Board.

Organization and procedures

The Audit, Risks and Compliance Committee meets as frequently as it deems necessary, and at least twice a year, prior to the Supervisory Board's review of the semi-annual and annual financial statements. The Committee may hold meetings using videoconferencing or other telecommunications tools. It may, in the context of its responsibilities, examine a topic whenever it believes it is necessary and worthwhile to do so. The Audit, Risks and Compliance Committee has access to all the resources it considers necessary to discharge its responsibilities. To the greatest extent possible, its meetings are held sufficiently in advance of Board meetings to allow for an in-depth examination of any subject requiring the committee's attention.

Accordingly, documents are addressed to Committee members sufficiently in advance of each meeting. The Executive Vice-President in charge of the Company's finances presents the subjects on the agenda to Committee members as well as any risks the Company faces and any off-balance-sheet commitments. Financial matters are presented by the Financial Department. Compliance risks, including anti-corruption measures, are presented by the Group's Chief Compliance Officer and extra-financial risk by the Director of Sustainable Development. The Director of Internal Audit, Étienne Grobon, attends each Audit, Risks and Compliance Committee meeting and reports to it directly. He regularly presents risk mapping, audit plans and monitoring updates. He also acts as the Secretary of the Committee.

The Statutory Auditors are invited to each meeting. The Audit, Risks and Compliance Committee may interview any member of the Management as well as the Statutory Auditors in the absence of the Company's management.

The Committee may also hire experts to perform specific tasks falling within the scope of its responsibilities.

The Chairwoman of the Audit, Risks and Compliance Committee presents a report at the next Supervisory Board meeting. The minutes of each Audit, Risks and Compliance Committee meeting are approved at the next Committee meeting.

The Audit, Risks and Compliance Committee met 7 times in 2020 (scheduled meetings), with an average attendance rate of 93.3%. The meetings lasted on average 2 hours and 40 minutes. At each of these meetings, part of the session was held without the presence of the Executive Board and the members of the Executive Management (executive sessions).

The attendance rate for each member of the Committee is as follows:

		Scheduled meetings
Guylaine Saucier, Chairwoman of the Committee*	Member since June 4, 2010, Chairwoman since March 22, 2011	100%
Franca Bertagnin Benetton*	Since September 4, 2018	100%
Bénédicte Coste (until July 2, 2020)	Since August 28, 2013	100%
Gervais Pellissier*, Vice-Chairman and Lead member of the Board	Since June 5, 2015	85.7%
Jacqueline Tammenoms Bakker*, Chairwoman of the Governance and Sustainability Committee	Since May 17, 2018	85.7%
Thomas de Villeneuve	Since July 2, 2020	100%
Humbert de Wendel	Since May 30, 2011	100%
François de Wendel (until July 2, 2020)	Since September 4, 2018	75%

* *Independent members.*

Committee Meetings in 2020	Physical presence	Presence by videoconference/ conference call	Absence
February 4	✓	-	Jacqueline Tammenoms Bakker
March 17	-	✓	-
April 28	-	✓	-
June 3	-	✓	François de Wendel
July 29	-	✓	Gervais Pellissier
September 15	-	✓	-
November 2	-	✓	-

In 2020 and early 2021, the Committee examined the following points:

- net asset value and its calculation method;
- parent company and consolidated financial statements as of December 31, 2019;
- first-half 2020 consolidated financial statements;
- the Statutory Auditors' reports;
- Wendel's liquidity and debt situation and that of its subsidiaries;
- review of the compliance of the anti-corruption measures within the framework of the implementation of the "Sapin II Law";
- approval of non-audit assignments for the Statutory Auditors, and monitoring of their work;
- review of certain subsidiary risks;
- risk mapping and internal control measures;
- internal audit plan;
- validation of the quantitative factors used to determine the extent to which the Executive Board has met its variable compensation objectives;
- situation and valuation of co-investments;
- extra-financial performance indicators;
- extra-financial reporting;
- review of disputes, the tax situation and off-balance-sheet commitments;
- insurance review;
- assessment of the maturity of Wendel and its portfolio companies with respect to cyber security;
- review of auditing and non-auditing fees and statement of independence of Statutory Auditors.

2.1.2.2 Governance and SustainabilityCommittee

Composition of the Governance and Sustainability Committee

In 2020, the Governance and Sustainability Committee, which includes the functions of a nomination committee and a compensation committee, added ESG strategy to its remit.

As of the date of the Universal Registration Document, it is composed of 7 members, including one member representing employees. 3 out of 5 members (not including the employee representative), or 50%, are independent: Jacqueline Tammenoms Bakker, Chairwoman, Guylaine Saucier, and Nicholas Ferguson. The composition of the Committee complies with recommendations 17.1 and 18.1 of the Afep-Medef Code, which prescribes a majority of independent members and an independent Chairman.

The Chairman of the Supervisory Board was invited to attend each Governance and Sustainability Committee meeting.

Remit of the Governance and Sustainability Committee

Pursuant to Article XVI.ii.b of the internal regulations of the Supervisory Board, the tasks of the Governance and Sustainability are as follows:

- propose new members of the Executive Board or the renewal of the Executive Board to the Supervisory Board;
- propose to the Supervisory Board changes in its composition after having examined the desirable balance within the Board in view of the distribution and development of the Company's shareholder base, taking into account the legitimate number of independent members and the promotion of gender equality, possible candidates;
- draw up succession plans for the Supervisory Board and Executive Board;
- propose the current and deferred compensation of Executive Board members, whether fixed or variable, including benefits of all kinds and the granting of stock options or performance shares and pensions or termination benefits;
- examine the Executive Board's proposals concerning the allocation of performance shares and stock options to Company employees;
- propose to the Supervisory Board the general principles of the co-investment policy for Executive Board members and the management team, and examine the terms and conditions proposed by the Executive Board;
- propose the compensation package for the Chairman of the Supervisory Board;
- propose methods for allocation of compensation among Supervisory Board members;
- express an opinion on any question related to the governance of the Company or the functioning of its governing bodies;
- guide the evaluation of the Supervisory Board's composition and operations;
- examine the commitments and orientations of the Company's ESG policy, oversee its implementation and more generally ensure ESG issues are taken into account in the Company's strategy and its implementation;
- reviewing compliance with the Afep-Medef Code and best practices of governance;
- ensuring the implementation of measures to prevent and detect corruption and influence peddling; and
- review any question concerning business ethics raised by the Supervisory Board and members of the Executive Board.

Organization and procedures

The Governance and Sustainability Committee met 7 times in 2020: 6 scheduled meetings and 1 *ad hoc* meeting for specific projects. The average attendance rate was 100% for scheduled meetings and 85.7% for *ad hoc* meetings. The meetings lasted on average 2 hours and 20 minutes. The Executive Board is not present at any of the meetings except where clarifications are required on a given subject.

The member of the Supervisory Board representing employees does not participate in meetings relating to appointment or succession issues.

The attendance rate for each member of the Committee is as follows:

		Scheduled meetings	Ad hoc meetings
Jacqueline Tammenoms Bakker*, Chairwoman	Member from June 5, 2015, Chairwoman since May 17, 2018	100%	100%
Bénédicte Coste	Since July 2, 2020	100%	100%
Nicholas Ferguson*	Since July 5, 2017	100%	100%
Priscilla de Moustier	Since October 23, 2013	100%	100%
Guylaine Saucier*, Chairwoman of the Audit, Risks and Compliance Committee	Since October 23, 2013	100%	100%
Sophie Tomasi Parise, member representing employees	Since September 5, 2018	100%	0%**
Édouard de L'Espée	Since July 4, 2018	100%	100%

* *Independent members.*
** *As the employee representative on the Board, Sophie Tomasi Parise did not attend meetings about the succession plan.*

Committee Meetings in 2020	Physical presence	Presence by videoconference/ conference call	Absence
February 3	Jacqueline Tammenoms Bakker Édouard de L'Espée Priscilla de Moustier Guylaine Saucier Sophie Tomasi Parise	Nicholas Ferguson	-
March 17	-	✓	-
June 2	-	✓	-
September 15	Bénédicte Coste Priscilla de Moustier	Jacqueline Tammenoms Bakker Édouard de L'Espée Nicholas Ferguson Guylaine Saucier Sophie Tomasi Parise	-
November 2	-	✓	-
November 23	-	✓	Sophie Tomasi Parise
December 3	-	✓	-

The Committee may call upon recognized independent experts to help it carry out its assignments.

The agenda and the necessary documents and reports are sent to committee members several days before the meeting. The Chairman of the Committee presents a report at the following Supervisory Board meeting. The minutes of the Committee are approved at the next meeting.

Caroline Bertin Delacour, General Counsel, is Secretary of the Committee.

The following topics were addressed during Committee meetings in 2020 and at the beginning of 2021:

- setting variable compensation of Executive Board members for 2019;
- setting the 2020 compensation policy for the members of the Executive Board;
- Executive Board succession plan and renewal of the terms of members of the Executive Board;
- process for changing the compensation policy for members of the Executive Board for the duration of their new terms, using external consultants in this area (in particular for the production of benchmarks);
- changes in the composition of the Supervisory Board and its Committees;
- ESG and compliance: review of the revised Code of Ethics, monitoring of the implementation of the ESG strategy at Wendel and in the portfolio companies, monitoring of extra-financial ratings;
- capital increase for the Group savings plan and allocation of shares to the Executive Board members;
- review of governance issues;
- presentation of the charter for the evaluation of regulated related-party agreements and agreements relating to ordinary transactions under standard conditions;
- review of regulated related-party agreements with corporate officers;
- compliance of the Company with the Afep-Medef Code, and particularly the independence of Board members;
- report of the Supervisory Board on Corporate governance;
- coordination of the work of the independent firm selected to assess the functioning and work of the Supervisory Board and its committees, review of the conclusions.

To further improve dialogue with Wendel’s main investors as well as with the main proxy advisors, the Chairwoman of the Governance and Sustainability Committee participated in governance road shows organized by the Investor Relations department and the General Secretariat in February 2021.

This direct dialogue, which allows for a better mutual understanding of expectations, was initiated in 2019. The various topics addressed include the composition of the Supervisory Board, the compensation of members of the Executive Board and Supervisory Board and consideration of ESG-related issues.

2.1.3 Gender diversity policy in governing bodies

In accordance with recommendation no. 7 of the Afep-Medef Code, this section describes the diversity policy of Wendel's governing bodies, as set by the Executive Board on March 10, 2021.

Governing bodies

The collective operation of Wendel's management team is based on two key committees: the Investment and Development Committee and the Management Committee. These two committees, which reflect the leadership of Wendel, were selected by the Executive Board as governing bodies.

As of the date of the Universal Registration Document, 28.6% of the Investment and Development Committee and 40% of the Management Committee are women.

Targets

The following gender equality targets were set over a period aligned with the duration of the new term of office of the members of the Executive Board:

- Investment and Development Committee: target of 30% women by March 2025;
- Management Committee: target of 45% women by March 2025.

Action plan

In coordination with the Human Resources Department, the Executive Board has set up an action plan for the implementation of these targets, based on three pillars:

Career development, training and empowerment

This pillar includes the following measures:

- development of the mentoring system and individual coaching programs within Wendel's teams;
- development of a demanding training program, with high-level educational institutions, to ramp up skills;
- no impact on career development or access to training, of any parental leave or any personal or family obligations;
- for each employee function, creation of a job description linked to the experience, skills and performance of employees.

Recruitment

This pillar includes the following measures**:**

- continued promotion of gender diversity in recruitment procedures, and a proactive approach to ensuring the presence of women candidates throughout the recruitment process, while continuing to prioritize the right skills fit;
- use of selection criteria based exclusively on the professional experience, skills and qualifications of the candidates; recruitment firms are required to apply these criteria;
- introduction of a recruitment training guide to promote good practice on gender diversity within the Company.

Compensation

This pillar includes the following measures:

- before the start of any recruitment procedure, the compensation for the position to be filled is set and will be applied identically to each candidate;
- in the event of parental leave, Wendel supplements social security benefits and maintains the level of compensation, with no impact on future compensation.

Each year, the Supervisory Board will be informed by the Executive Board of the results obtained in the past financial year. These will then be described in the Board's report on Corporate governance.

2.1.4 Corporate governance statement

In 2008 the Company adopted the Afep-Medef Corporate governance Code for listed companies, which was revised in June 2018 and January 2020. This Code is available on the Medef website at the following address: www.consultation.Codeafepmedef.fr.

At its meeting of January 29, 2021, the Supervisory Board examined the situation of the Company with regard to the Afep-Medef Code and concluded that all the recommendations of the Afep-Medef Code were complied with by the Company.

2.1.5 The Executive Board and its operations

2.1.5.1 Composition of the Executive Board

The Executive Board is composed of a minimum of 2 and a maximum of 7 members.

The Executive Board is made up of 2 members: André François-Poncet, its Chairman, and David Darmon.

During its November 16, 2017 meeting, the Supervisory Board appointed André François-Poncet as Chairman of the Executive Board effective January 1, 2018 for the remainder of Frédéric Lemoine's term, *i.e.* until April 6, 2021.

During its September 9, 2019 meeting, the Supervisory Board appointed David Darmon to Wendel's Executive Board effective from that date, and for the remainder of Bernard Gautier's term, *i.e.* until April 6, 2021.

The terms of André François-Poncet and David Darmon were renewed for a period of 4 years, from April 7, 2021 to April 6, 2025, by decision of the Supervisory Board of December 9, 2020.

Executive Board members, with the exception of its Chairman, may have an employment contract with the Company which remains in force during and after the member's term on the Executive Board. This is the case for David Darmon (see section 2.2.2.2, paragraph "Position of executive corporate officers with respect to Afep-Medef recommendations"). In accordance with the recommendations of the Afep-Medef Code, the Chairman of the Executive Board, André François-Poncet, has no employment contract.

Members of the Executive Board are appointed and can be removed by the Supervisory Board. Their term is of four years. The age limit for members of the Executive Board is 70. Removal of a member of the Executive Board does not cause his or her employment contract, if applicable, to be terminated.

Christine Anglade Pirzadeh, Director of Sustainable Development and Communications, is Secretary and Advisor to the Executive Board.

No conviction for fraud, official public incrimination and/or public sanction or liability for bankruptcy during the previous five years

To the best of the Company's knowledge and on the date of this Universal Registration Document, subject to the following clarification, no member of the Executive Board has, during the last five years: (i) a conviction for fraud or an official challenge and/or an official public sanction pronounced by statutory or regulatory authorities (ii) been associated with a bankruptcy, receivership, liquidation or placement under judicial administration. (iii) has been disqualified by a court from serving as a member of an administrative, management or supervisory body of an issuer or from participating in the management or conduct of the affairs of an issuer.

In the context of unwinding a mechanism linking employees to Group performance in 2007, David Darmon, along with other Wendel employees and former employees, is involved in legal proceedings relating to their personal tax situations (see note 16-1 to the consolidated financial statements).

Conflicts of interest, family ties and service contracts

André François-Poncet and David Darmon held and hold directorships in some of the Group's subsidiaries and associated companies.

To the Company's knowledge, as of the date of issue of this Universal Registration Document, there is no conflict of interest between the private interests or other obligations of the members of the Executive Board and their obligations with regard to the Company.

No Executive Board member has been selected during his term of office as a Wendel client or supplier nor is any member tied to the Company or to one of its subsidiaries by a service contract.

Executive Board members have no family ties with the Supervisory Board members.

Restrictions on the sale of shares held by the members of the Executive Board are described in section 2.1.8.1 "Market ethics".

André FRANÇOIS-PONCET

Chairman of the Executive Board

Date first appointed to the Executive Board: January 1, 2018

Current term expires on: April 6, 2025

Born on June 6, 1959

French nationality

Professional address:
89, rue Taitbout
75009 Paris
France

Career path:

André François-Poncet is a graduate of HEC and has an MBA from Harvard Business School.

He began his career in 1984 with Morgan Stanley, first in New York and then London and finally Paris where he was in charge of setting up the Morgan Stanley Paris office.

After 16 years with Morgan Stanley, he joined BC Partners (Paris and London) in 2000, as a Managing Partner until December 2014 and then as a Senior Advisor until December 2015.

He was a Partner at CIAM from 2016 to 2017, and then became Chairman of Wendel's Executive Board and Group CEO in January 2018.

Other appointments as of December 31, 2020:

Wendel Group:

Vice-Chairman of the Board of Directors of Bureau Veritas

Chairman of Trief Corporation SA

Director of Winvest Conseil SA

Other:

Director of AXA (listed company)

Member of Harvard Business School's France Club and member of the school's European Advisory Board

Member of the Bureau of the Club des Trente

Appointments expired in the last five years:

Chairman and Chief Executive Officer of LMBO Europe SA

Number of Wendel shares held as of December 31, 2020: 2,000 shares and 78,850 FCPE Wendel shares (equivalent to 13,088 Wendel shares at that date)

David DARMON

Member of the Executive Board

Date first appointed to the Executive Board: September 9, 2019

Current term expires on: April 6, 2025

Born on December 18, 1973

French nationality

Professional address:
89, rue Taitbout
75009 Paris
France

Career path:

David Darmon is a graduate of ESSEC and holds an MBA from INSEAD.

He began his career in London at Goldman Sachs in mergers and acquisitions in 1996 before joining Apax Partners in 1999 as Head of Investments, where he specialized in LBO transactions for six years.

David Darmon joined Wendel in 2005 and has managed numerous investments for the Group over the past 15 years. In particular, he participated in the investment and oversight of companies such as Allied Barton (now Allied Universal), CSP Technologies, Deutsch, Stallergenes and Crisis Prevention Institute. In his work for Wendel Lab, he also initiated several investments in the technology sector.

He opened the New York office (Wendel North America), which he managed from 2013 to 2019. David has also served as Wendel's corporate Secretary to the Supervisory Board.

He became member of Wendel's Executive Board and Deputy Group CEO in September 2019.

Other appointments as of December 31, 2020:

-

Appointments expired in the last five years:

Wendel Group:

Director of Allied Universal

Director of CSP Technologies

Director of IHS

Number of Wendel shares held as of December 31, 2020: 22,554 shares and 78,953 FCPE Wendel shares (equivalent to 13,105 Wendel shares at that date)

2.1.5.2 Executive Board operations

In accordance with Article 20 of the bylaws, Executive Board meetings are held at the head office or at any other venue specified by the Chairman in the meeting notice. The agenda can be amended at the time of the meeting. Meeting notices can be sent out by any means, including verbally, without advance notice if necessary. In the event of a tie, the Chairman casts the deciding vote. Minutes of Executive Board meetings are recorded in a special register kept at the head office and signed by the members of the Executive Board who took part in the meeting.

In 2020, due to the health situation, the Executive Board met mainly by videoconference. In addition to the formal meetings of the Executive Board, updates on the impact of the health crisis on the Company and its investments were frequently held.

In 2020, the Executive Board was hence very active and met 49 times.

During its meetings, it discussed the following issues in particular:

- the Group's financial position;
- subsidiaries and their associated companies or divestments;
- the transfer of the shares held by Wendel in Tsebo to the investment branches of the Company's senior creditors as part of a consensual transaction;

The following topics were addressed on a regular basis during the year:

- the general strategy and positioning of the Company, particularly in the context of the renewal of the Executive Board announced in December 2020;
- the performance of portfolio companies;
- the proposed IPO announced by IHS;
- account closings and periodic financial information;
- the share buyback program and the share capital reduction;
- monitoring the deployment of the ESG strategy;
- cash management;
- risk mapping;
- financial communication issues:
  - Net Asset Value,
  - roadshows,
  - Investor Day;
- internal organization and labor issues:
  - teams' work organization in the context of the Covid-19 crisis (massive deployment of teleworking, protocol for returning to the office after the first lockdown),
  - closure of the London, Casablanca and Singapore offices,
  - the career development of the Company's employees,
  - ethics and the compliance program, in particular monitoring the implementation of the Sapin II law on the prevention of corruption and influence peddling,
  - training plans,
  - the compensation and performance evaluation policy for teams,
  - allocation of stock options and performance shares and the capital increase reserved for employee members of the Group savings plan, subject to approval by shareholders at their Shareholders' Meeting,
  - insurance and pension plans;
- succession plans;
- Group governance and the preparation of the Executive Board's quarterly reports to the Supervisory Board;
- preparation for the Shareholders' Meeting, held behind closed doors in 2020, and the dividend policy;
- IT, cybersecurity and digital.

2.1.6 Internal organization

Led by the Executive Board, Wendel's team is composed of men and women with diverse and complementary career paths. To make sure that decisions are made as a team, a Coordination Committee meets every two weeks, ensuring smooth communication at all times within the international team of 81 people across Wendel's three offices. The team is articulated around two key committees: the Investment & Development Committee and the Management Committee.

2.1.6.1 Executive Vice-Presidents

Three Executive Vice-Presidents have been appointed to support the Executive Board since September 2019. They do not have corporate officer status and may not enter into binding agreements on behalf of the Company.

Jérôme Michiels

Executive Vice-President, Managing Director, Chief Financial Officer, Director of Operational Resources

Jérôme Michiels joined Wendel at the end of 2006. From 2002 to 2006, he was a *chargé d'affaires* with the investment fund BC Partners. Prior to that, he worked as a consultant in the Boston Consulting Group from 1999 to 2002, carrying out strategic missions in Europe, particularly in the fields of distribution, transportation, telecommunications, and financial services. After ten years on the investment team, he took over the responsibility for Wendel's Finance department in October 2015. He is a graduate of HEC.

Josselin de Roquemaurel

Executive Vice-President, Managing Director

Josselin de Roquemaurel joined Wendel's European investment team as Managing Director in 2018. He began his career in 2001 at JPMorgan in London as an analyst and then as an investment manager in their Investment Banking department. From 2005 to 2017, he worked at Kohlberg Kravis Roberts (KKR) in London, most recently as Head of Private Equity activities in France. He is a graduate of the École Normale Supérieure de Fontenay/St Cloud and HEC.

Félicie Thion de la Chaume

Executive Vice-President, Managing Director

Félicie is a graduate of ESCP Europe and began her career at Goldman Sachs on the firm's French M&A team between 2003 and 2006. In 2007, she then joined the Wendel Paris investment team as an Associate. In 2016 she relocated to the United Kingdom where she helped open the London office dedicated to generating and monitoring investment opportunities in Europe. In September 2020, Félicie joined the Paris investment team in line with the Group's strategy to concentrate its teams in France, Luxembourg and New York.

2.1.6.2 Investment & Development Committee

Composed of the Executive Board, three Executive Vice-Presidents and 2 Managing Directors - the CEO of Wendel Luxembourg being secretary and permanent participant - it meets at least every two weeks and more frequently if needed, to work on selecting and developing the Group's investments. It examines plans to acquire and divest assets and regularly reviews the position of the main companies within the portfolio, Wendel's investment policy and the performance of employees in the investment team. At the date of the Universal Registration Document, it was composed of 7 members, including 2 women and 5 men.

2.1.6.3 Management Committee

Every two weeks, it brings together the members of the Executive Board, the three Executive Vice-Presidents, the General Counsel, the Tax Director, the Director of Sustainable Development and Communications, the Human Resources Director, and the Deputy Chief Financial Officer. It makes day-to-day decisions regarding the organization and the Group's operations, involving, where appropriate, other relevant people. At the date of the Universal Registration Document, it was composed of 10 members, including 4 women and 6 men.

2.1.6.4 Coordination Committee

It meets twice a month and is made up of the members of the Investment & Development Committee and the Management Committee as well as Wendel's other principal managers worldwide. Its role is to act as a hub of cross-company information and sharing to ensure the free flow of information throughout the Group. At the date of the Universal Registration Document, it was composed of 18 members, including 4 women and 14 men.

2.1.6.5 ESG Steering Committee

The ESG Steering Committee has been set up by the Executive Board in 2012 and strengthened in 2020 as part of the ramping up of Wendel's ESG strategy. Its members represent the Company's different business and support divisions: Internal Audit department, General Secretariat, Communications and Sustainable Development department, Financial Communications department, Human Resources department, Finance and Operational Resources department. This Committee meets every six weeks to carry out in-depth monitoring of the Group's ESG ratings, new programs, and progress made on rolling out the ESG roadmap for 2023. It is composed of 9 members, of which 5 women and 4 men.

2.1.6.6 Locations

Wendel has offices for its holding companies and service activities. The oldest are in Paris (since 1704) and Luxembourg (since 1931). Between 2013 and 2015, the Group was established in New York, Singapore, Casablanca and London. These last three offices were closed in 2020 to streamline the Group's organization and thus focus the pursuit of new opportunities in Europe and North America.

Paris

Wendel's head office is located in the ninth arrondissement of Paris. The Paris office is home to part of the Group's corporate and investment teams.

Luxembourg

Wendel has been present in Luxembourg since 1931 through Trief Corporation. This company indirectly holds the Group's unlisted investments through reserved alternative investment funds (RAIF). Their management is assigned to a Luxembourg company, Winvest Conseil SA, which has been approved as an alternative investment funds manager since mid-2015. The Group co-invests from Luxembourg with third-party partners in certain companies, such as IHS or Constantia Flexibles. These various entities each have their own teams and governance, including independent directors.

New York

Wendel North America investigates and settles investments for the Group in North American companies looking for a long-term shareholder. Wendel North America is in charge of monitoring CPI and helps Wendel Lab to identify opportunities. North America is the world's biggest private equity market in terms of investment opportunities. Wendel opened an office in New York in 2013 and has made a number of investments there (in particular CPI).

2.1.6.7 Teams

Wendel's team leaders and principal members

♦ Management Committee

■ Investment & Development Committee

✶ Coordination Committee

❖ ESG Steering Committee

Olivier Allot ✶ ❖

Director of Financial Communication and Data Intelligence

Olivier Allot joined Wendel in 2007. He started his career began in 1996 at the Société des Bourses Françaises–Paris Stock Exchange. For four years, he served as the organization's spokesperson and was then in charge of investor relations until 2007. In this capacity, he contributed actively to the combination of the Paris, Amsterdam, Brussels and Lisbon stock exchanges and the merger of Euronext and the NYSE. He has a Master's in Management Sciences and an advanced engineering degree in banking, finance and insurance from the Sorbonne, Paris I, as well as a financial analyst diploma from the SFAF and CEFA and an MBA in Strategic Management and Economic Intelligence from the Economic Warfare School.

Christine Anglade Pirzadeh ♦ ✶ ❖

Director of Sustainable Development and Communications, Advisor to the Executive Board

Christine Anglade Pirzadeh joined Wendel in 2011. She was previously Director of Communications at the Autorité des marchés financiers (AMF) from 2000. From 1998-2000 she served as Media Director for the French prime minister. She began her career on the editorial team of Correspondance de la Presse. She holds a master's degree in European and International Law from the University of Paris I and a master's degree (DEA) in communication law from the University of Paris II.

Caroline Bertin Delacour ♦ ✶ ❖

General Counsel, Ethics Officer, Chief Group Compliance Officer, Secretary of the Supervisory Board

Before joining Wendel in 2009 as Director of Legal Affairs, Caroline Bertin Delacour practiced law for over 20 years, specializing in tax and business law at the law firms of Cleary Gottlieb Steen & Hamilton and August & Debouzy. She was appointed General Counsel of Wendel on January 1, 2015.

She holds a master's degree in business law from Université de Paris II Panthéon-Assas, a postgraduate degree in Applied Tax Law from Université de Paris V René-Descartes, and an LLM from New York University.

Benoît Drillaud ♦ ✶

Deputy CFO

Benoît Drillaud joined the Wendel Finance department in September 2004 after five years at PricewaterhouseCoopers as an auditor. He holds a Master's in Finance from ESCP and a master's degree (DEA) in economics from Université Paris 1 Panthéon-Sorbonne.

Étienne Grobon ✶ ❖

Director of Internal Audit

Étienne joined Wendel in 2018 as Director of Internal Audit. Before joining Wendel, Étienne spent eight years as Senior Director (Audit and Insurance) at Dassault Systèmes in Paris. He led the Group team in all relevant areas (audit & internal audit). He was also responsible for the global insurance program. He previously spent over fifteen years working in the audit and risk management sectors. First, at the Bouygues Group, then at Andersen (formerly, Arthur Andersen), leading the Sarbanes-Oxley compliance projects. Finally, he was a member of the team which founded the Protiviti firm in France where he was Director responsible for Internal Audit and Risk Management. Étienne is a graduate of HEC Paris.

Jean-Yves Hemery ✶

Head of Trief Corporation

Jean-Yves Hemery joined the Wendel Group in 1993 as Deputy General Secretary at Marine-Wendel, after seven years spent working for the French tax authority and three years at Pechiney. He is a graduate of École nationale des impôts and also holds a degree in economics. He was appointed International Delegate of Oranje-Nassau in December 2012 where he is responsible for coordinating the Company's international administrative and financial development.

Harper Mates ■

Managing Director

Harper Mates joined Wendel in the New York office in 2015. She was previously Vice-President at MidOcean Partners, a private equity fund, where she was Head of Investments in the services and media sectors. She began her career at J.P. Morgan Chase as an analyst and then worked at Citi Private Equity as an Associate. Harper holds an MBA from Harvard Business School.

Harper Mates has been a member of the Supervisory Board representing employees since January 1, 2021.

Peter Meredith ♦ ✶

Tax Director

Peter Meredith joined Wendel on March 1, 2013. He has previously held the position of Tax Director of the Bouygues Construction Group (2005-13), of CapGemini (2000-05), and of the GTM Group (1989-2000). Throughout his career, Peter Meredith has been in charge of tax issues related to both French and international contexts. He holds a master's degree (DEA) in comparative law.

Alexina Portal ♦ ✶ ❖

Director of Human Resources

Alexina Portal joined the Wendel Group in 2020 to head up the Group's development in human resources. A graduate of INSEAD (IEP) and with a doctorate in organizational behavior, Alexina Portal has spent the last 25 years working on various international organizational transformation and development projects.

Claude de Raismes ✶

CEO of Wendel Luxembourg

Claude joined the Group's investment team in 2009 as an analyst, became an Associate and then investment manager. He has been co-head of Winvest Conseil since March 1, 2019 and Chief Executive Officer since January 1, 2020. He is also secretary of the Investment & Development Committee. Previously, he had experience in financial auditing at Deloitte in Paris. He was then an analyst at UBS Investment Bank from 2007 to 2009 where he notably participated in the financing of leveraged buyouts (LBO). Claude is a graduate of HEC business school and holds a master's degree in modern literature and a master's degree in econometrics.

Adam Reinmann ■ ✶

Managing Director, CEO of Wendel North America

Adam Reinmann joined Wendel at the end of 2013 and began his career with the JPMorgan Group. Before joining Wendel, he worked for Onex, a leading investment firm in Canada. At Onex he participated in the acquisitions of The Warranty Group, Skilled Healthcare, Cypress insurance Group, RSI Home Products and JELD-WEN Holding, Inc. In 2009, Adam was a member of the Executive Committee of an Onex operating company (Celestica) where he was involved in the development and operational improvement strategy of the Company. He holds an MBA from the Columbia Business School and a BS from Binghamton University.

Jérôme Richard ✶

Operating Partner

Jérôme joined Wendel in 2019. He began his career at the Boston Consulting Group in Paris and New York, where he spent eight years leading on operational transformation and turnaround projects, mainly in the healthcare and industrial sectors. He then joined Schneider Electric in 2010 as Vice-President of Group Purchasing before becoming Vice-President of Sales and Business Development in 2014. In 2016, Jérôme was appointed CEO of John Paul (a concierge service and customer relations service operator subsequently sold to the Accor Group) to accelerate its overseas expansion, restructure its call centers and develop its digital platform. He is a graduate of Centrale Supélec.

Michel Tournier ✶

IT Strategy and Digital Transformation Director

Prior to joining Wendel, Michel was Director of IT Systems - Technology Core Solution Group | EMEA/APAC at Ingram Micro Commerce & Lifecycle Services. Michel has over 23 years' experience managing IT systems in several industry sectors: at Cofidis in 1996, he took part in the creation of subsidiaries in Portugal and Argentina for five years, before spending three years with Louis Vuitton in Latin America in the role of Regional CIO, followed by several roles with the Shiseido Group. In late 2012, he joined Anovo as Group CIO, where he spent three years.

Sébastien Willerval ✶

Director of Legal Affairs

Sébastien Willerval began his career in BNP's Tax and Legal department in 1998, before moving to Ernst & Young Corporate Finance at the end of 1999. He holds a postgraduate degree (DESS) in business law and taxation from Université Paris I Panthéon-Sorbonne and a master's degree in private law with a specialization in corporate law and taxation from the Université Paris II Panthéon-Assas. He joined Wendel in 2002 and was made Director of Legal Affairs in January 2015.

2.1.7 Division of powers between the Executive and Supervisory Boards

At the Shareholders' Meeting of May 31, 2005, Wendel adopted a dual governance structure with an Executive Board and a Supervisory Board.

The Executive Board has the broadest powers to act on the Company's behalf under all circumstances. It exercises these powers within the limits of the Company's purpose and as long as they have not been expressly attributed to shareholders or the Supervisory Board. It sets and oversees the Company's strategic priorities, in accordance with its corporate interests and taking into consideration the social and environmental implications of its business. The Chairman of the Executive Board and, if applicable, the Executive Board member or members designated as CEO by the Supervisory Board, represent the Company in its relations with outside parties. Currently, only the Chairman of the Executive Board represents the Company in its dealings with third parties notwithstanding any special delegated powers. The Company is bound even by actions of the Chairman or CEOs that do not comply with the Company's purpose, unless the Company can prove that the third party knew, or that given the circumstances, must have known, that the action was outside of the scope of the Company's purpose.

The Executive Board may vest one or more of its members or any non-member with special, ongoing or temporary assignments that it has determined and may delegate to them for one or more set purposes, with or without the option to sub-delegate, the powers that it deems necessary.

The Executive Board draws up and presents the strategy and the reports mentioned below to the Supervisory Board, as well as annual and semi-annual financial statements, as prescribed by law.

The Executive Board, after discussion with the Supervisory Board, sends out the notice of Shareholders' Meetings and, if applicable, any other meeting, and draws up the agenda of these meetings, without prejudice to the provisions of Article 15 of the bylaws.

The Executive Board ensures that the draft resolutions it submits to shareholders at their Shareholders' Meeting regarding the composition or the proceedings of the Supervisory Board accurately reflect the Supervisory Board's decisions.

The Executive Board executes all decisions made at these meetings.

The Supervisory Board exercises ongoing oversight of the Executive Board's management of the Company, pursuant to Article L. 225-68 of the French Commercial Code and Article 1 of its internal regulations. Throughout the year, it performs the checks and controls it deems appropriate and may request any document it considers necessary to fulfill its duties. The Supervisory Board may mandate one or more of its members to carry out one or more assignments of its choosing. In the circumstances it deems necessary, the Supervisory Board may call a Shareholders' Meeting. In this case, it sets the meeting's agenda.

At least once every quarter, the Executive Board presents to the Supervisory Board a detailed report on the Company's situation and outlook. In particular, it reports on the performance of the companies in its portfolio, their development strategy, their financial condition, their external growth transactions and any other transaction likely to have a significant impact on the Company.

Within three months after the close of each financial year, the Executive Board submits the parent company and consolidated financial statements for the year to the Supervisory Board for verification, along with the management report to be presented to shareholders at their Shareholders' Meeting. The Supervisory Board reports its observations on the Executive Board's report and on the annual parent company and consolidated financial statements to the shareholders. The Executive Board also presents the semi-annual financial statements to the Supervisory Board, as well as the documents containing management forecasts.

The Executive Board finalizes and presents to the Supervisory Board the net asset value (NAV) per share, which measures the Company's creation of value (see section 5.3). As often as necessary, it also reports to the Supervisory Board on the Company's balance sheet and the type and maturity of its bank and bond debt.

The Supervisory Board is kept regularly informed of the financial and extra-financial risks the Company assumes and the measures the Executive Board takes to address them (see Chapter 3 below and note 6 to the consolidated financial statements).

Prior approval of the Supervisory Board is required for the transactions specified in Article 15 of the Company's bylaws:

- any transaction, including an acquisition or divestment by the Company (or an intermediate holding company), exceeding €100 million, as well as any decision permanently affecting the future of the Company or its subsidiaries;
- divestment of real property of more than €10 million per transaction;
- granting of security interests, guarantees, endorsements and collateral of more than €100 million per transaction;
- any proposal to shareholders to change the bylaws;
- any transaction that may lead, immediately or at a later date, to a capital increase or reduction of capital through the issuance of securities or cancellation of shares;
- any proposal to shareholders regarding the appropriation of earnings or the distribution of dividends, as well as any interim dividend;
- any merger or spin-off that the Company would be party to;
- any proposal to shareholders regarding a share buyback program;
- any proposal to shareholders regarding the appointment or re-appointment of the Statutory Auditors;
- any contract subject to Article L. 225-86 of the French Commercial Code.

Significant divestments are not required to be submitted to shareholders at their Shareholders' Meeting. According to the AMF, when a company's primary activity is to acquire and manage equity investments, divestments—even significant ones—clearly fall within its normal operating cycle, so the market and shareholders can foresee them. Wendel is therefore not required to present significant divestments to its shareholders.

The Supervisory Board appoints, and has the power to revoke, members of the Executive Board. It set their level of compensation as well as terms (current or deferred, fixed or variable). It sets stock-option and performance share grants allocated to Executive Board members, as well as the relevant presence, performance and holding conditions. In all these cases, the Board acts on the recommendation of the Governance and Sustainability Committee. It is the responsibility of the Executive Board to determine the individual grants of stock options and performance shares to employees, to decide on the grant dates, to define the usual conditions and to approve the plans.

Based on the opinion of the Governance and Sustainability Committee, the Supervisory Board sets the general principles of the co-investment policy for the members of the Executive Board and authorizes the co-investment of Executive Board members (see note 5-1 to the consolidated financial statements). The Executive Board determines the team members eligible for co-investment and their individual allocations.

2.1.8 Compliance and ethical issues involving the Group's governing and supervisory bodies

Since 2009, Wendel's obligations in terms of confidentiality, abstention from transactions involving Wendel shares and investments, market information and conflicts of interest have been governed by Market Confidentiality and Ethics Code. It applies in particular to the members of the Executive Board and the Supervisory Board. This Charter has been regularly reviewed by the Executive Board, and was last updated in July 2019.

Wendel's Market Confidentiality and Ethics Code defines the rules for managing conflicts of interest and the responsibilities of the Ethics Officer. Since 2009, the Ethics Officer has been Caroline Bertin Delacour, General Counsel of Wendel.

The Executive Board has also adopted a Code of Ethics recently updated, and a compliance program through targeted policies (anti-corruption and influence-peddling policy, anti-money laundering policy, international sanctions policy) (see section 4.1.8.1). This compliance program applies in particular to corporate officers.

2.1.8.1 Market ethics

Registered shares

Shares or any other securities issued by the Company or by its listed subsidiaries and associates, which are held or may be held by members of the Executive Board or the Supervisory Board or any related person, such as their spouse or dependent children, must be held in registered form.

Confidentiality and abstention obligations

Executive and Supervisory Board members are bound by strict confidentiality rules regarding specific, non-public information that could have a material impact on the price of shares or of any other listed security of the Company. This information is considered to be privileged.

The confidentiality requirement applies in particular to any privileged information that the members may have about a company in which Wendel is considering an investment.

When members of governing and supervisory bodies are in possession of privileged information, they must refrain from carrying out, directly or indirectly, on their own behalf or on behalf of another party, any transaction involving the Company's shares or any other of its listed securities. They are then entered on the insider lists drawn up by the Company's Ethics Officer. These lists are made available to the AMF and kept for at least five years from the date they were drawn up or updated.

This same restriction on trading is required during certain so-called "blackout" periods during which the Company publishes its annual and semi-annual financial statements, quarterly revenue, and net asset value (NAV, see section 5.3). These periods are as follows: for the publication of annual and semi-annual financial statements, from 30 days before to 24 hours after their publication; for quarterly revenue and NAV, from 15 days before to 24 hours after their publication.

Trading is also restricted during any other period communicated by the Company's Ethics Officer.

Unless specified to the contrary, these blackout periods end upon the publication of the information in question, in an official notice and/or a press release that is effectively and fully disseminated.

In addition, members of the Company's management and supervisory bodies must also refrain from trading in the securities of listed and unlisted Wendel Group subsidiaries and associates. This restriction does not apply to shares held by the directors to fulfill obligations imposed by legislation or the bylaws or in accordance with any recommendations issued by the Company in which they serve as director. This restriction also does not apply to the payment of a dividend in kind in the form of shares in subsidiaries or associates held in the Company's portfolio. Individuals holding such shares may keep them or sell them, as long as they comply with the Company's Market Confidentiality and Ethics Code.

Transactions carried out by executives

Executive and Supervisory Board members and parties related to them are required to report to the AMF, electronically and within three trading days of execution, all transactions they carry out on shares of the Company and on related instruments. This notification is also sent to the Company's Ethics Officer. The Company has been publishing all of these transactions on its website since 2005.

Restriction on the sale of Wendel shares by Supervisory and Executive Board members

To the Company's knowledge, members of the Supervisory and Executive Boards have accepted no restrictions on the divestment of their shareholdings in the Company, with the following exceptions:

- in accordance with the bylaws of the Company, each member of the Supervisory Board must hold 500 fully paid-up shares;
- the obligation for each member of the Executive Board to retain a number of shares, in particular those resulting from the exercise of their stock options or the definitive allocation of their performance shares, corresponding, for the Chairman of the Executive Board, to a value equal to 2 year's fixed compensation and, for the member of the Executive Board, to a value equal to one year's fixed compensation;
- Executive Board members may not exercise their options or sell the corresponding shares during blackout periods or in the event of possession of inside information, in accordance with the Company's Market Confidentiality and Ethics Code and with recommendation 25.3.3 of the Afep-Medef Code;
- certain abstention obligations imposed by Wendel's Market Confidentiality and Ethics Code;
- certain corporate officers have entered into collective lock-up commitments under Article 787 B of the French Tax Code, described in section 8.3.10.1 of this Universal Registration Document.

2.1.8.2 Business ethics

Conflicts of interest

A number of procedures are in place within the Wendel Group to prevent and manage any conflicts of interest: the Market Confidentiality and Ethics Code, the anti-corruption policy, the internal regulations of the Supervisory Board and the procedure for evaluating regulated related-party agreements and current agreements (see paragraph below "Regulated related-party agreements and standard agreements").

The members of the Executive and Supervisory Boards must clear up any actual or potential conflicts of interest and bring them to the attention of the Company's Ethics Officer or the Supervisory Board Chairman.

For the members of the Executive Board, specific processes for declaring and handling conflicts of interest have been implemented.

The members of the Supervisory Board, who have a general obligation of confidentiality and loyalty, must each prepare a declaration, addressed to the Company's Ethics Officer (i) at the time of taking office, (ii) at any time, on his or her initiative. or at the request of the Ethics Officer and (iii) in any event, within ten working days following the occurrence of any event that made the previous statement in whole or in part inaccurate. In the event of a conflict of interest, the Board member concerned does not take part in the discussions and does not take part in the corresponding vote, does not receive information related to the agenda item giving rise to a conflict of interest; any decision of the Board concerning a conflict of interest is recorded in the minutes of the meeting.

Members of the Supervisory Board must also inform the Chairman of the Supervisory Board of their intention to accept a new appointment or a new position in a company that does not belong to a Group of which they are executives. If the Chairman of the Supervisory Board believes that the new appointment could create a conflict of interest, the Chairman puts the issue before the Supervisory Board. In this case, the Board decides whether or not the new appointment or position is compatible with the position of the Wendel Supervisory Board member. Should the Board decide that there is a conflict of interest, it asks the Board member to choose between the new appointment and his/her appointment at Wendel. The Board explains the reasoning behind its decision to declare an appointment incompatible.

Regulated related-party agreements and standard agreements

In accordance with Article L. 22-10-29 of the French Commercial Code and recommendation 4.1 of AMF Recommendation No. 2012-05, the Supervisory Board has adopted a Charter for the evaluation of regulated related-party agreements and agreements relating to ordinary transactions under standard conditions. This Charter:

- reiterates the regulatory framework applicable to related-party agreements and commitments and offers additional guidance on the methodology used internally to classify the various agreements entered into;
- sets out a typology of agreements which, due to their nature and terms, are not subject to formalities; and
- sets out an internal procedure for the regular review of Wendel's agreements relating to ordinary transactions under standard conditions.

The procedure applicable to agreements relating to ordinary transactions under standard conditions is described below:

The Charter first sets out the various criteria to be met by the agreements to which the valuation procedure is applied, related to (i) the parties to the agreement, (ii) the ordinary nature of the agreement or transaction and (iii) the normal nature of the conditions provided for in the agreement.

It then describes the different steps to be implemented for the valuation of the agreements, as follows:

1. **Pre-assessment of these criteria by the functions involved in drawing up an agreement**

Prior to signature, the functions initially involved in drawing up the agreement, depending on its purpose (hereinafter the "Involved Function(s)") will, at the time of concluding an agreement, an amendment or renewal, assess whether the conditions meet the criteria of ordinary transactions under standard conditions. This assessment must be documented. In the event of difficulties in interpreting or evaluating criteria, the matter should be referred to the Chief Group Compliance Officer who will make an assessment on a case-by-case basis and consult the Director of Internal Audit if needed.

Each year, every Involved Function must be in a position to present its standard agreements included within its functional scope and respond to requests from the Chief Group Compliance Officer.

2. Retrospective review of the application of criteria by the Chief Group Compliance Officer

The Chief Group Compliance Officer reviews how the Charter is applied by the Involved Functions on a regular basis and as deemed necessary.

To facilitate the Chief Group Compliance Officer's review, each Involved Function in drawing up these agreements must be in a position to share a sample/list of agreements relating to ordinary transactions under standard conditions within their scope upon request.

If the Chief Group Compliance Officer retrospectively considers that an agreement on the list of agreements relating to ordinary transactions under standard conditions should fall within the scope of regulated related-party agreements, she must notify the Supervisory Board and obtain confirmation that the regulated related-party agreement procedure set out in the French Commercial Code shall apply. At its annual review of regulated related-party agreements, the Supervisory Board may decide to correct the situation and follow the correction procedure referred to under Article L. 225-90 of the French Commercial Code. Parties with an indirect interest in any of the agreements under review do not take part in the Supervisory Board's discussions on this matter.

Each year, the Chief Group Compliance Officer reports on the findings of her review to the Company's Supervisory Board. Interested parties or parties with an indirect interest in one of the agreements under review do not take part in the Supervisory Board's discussion on the matter.

Moreover, if the Chief Group Compliance Officer deems it necessary to modify the Charter, she refers any proposed modifications to the Supervisory Board for approval.

3. Information on agreements relating to ordinary transactions under standard conditions

The Supervisory Board's annual report on Corporate governance contains:

- a description of the procedure for reviewing agreements relating to ordinary transactions under standard conditions; and
- a description of its implementation by the Company, including the Supervisory Board's conclusions following the Chief Group Compliance Officer's annual report and any follow-up.

A description of the implementation of the procedure in 2020 is described below:

The Chief Group Compliance Officer obtained the list of current agreements entered into by Wendel under standard conditions during the year from the Involved Functions. After analyzing them, it reported on its assessment to the Supervisory Board at the meeting of March 17, 2021 as follows:

- as a precautionary measure and a concern for transparency, all agreements entered into with a member of the Executive Board or a member of the Supervisory Board, and those entered into with Wendel-Participations SE (the only shareholder with more than 10% of the voting rights attached to the Wendel shares) were classified as regulated related-party agreements and subject to the corresponding procedure. These agreements are described in the Statutory Auditors' special report on regulated related-party agreements;
- the agreements entered into with companies identified as companies having top management in common with Wendel meet the cumulative criteria of "ordinary transaction" and "standard conditions".

The Supervisory Board concluded that there was no need to reclassify the agreements referred to in the second indent above as regulated related-party agreements. It also considered that no changes should be made to the current Charter.

Information regarding agreements entered into between a director or significant shareholder and a subsidiary

In accordance with Article L. 225-37-4, paragraph 2 of the French Commercial Code, described below are agreements entered into directly or through an intermediary between (i) one of the members of the Executive Board or Supervisory Board or one of the shareholders with a fraction of voting rights exceeding 10% of the Company and (ii) another Company controlled by Wendel according to the definition under Article L. 233-3, with the exception of agreements relating to ordinary transactions under standard conditions.

To the Company's knowledge, in 2020 and at the beginning of the 2021, the following agreement has been entered into:

- a "Transition Agreement" entered into by David Darmon, member of the Executive Board, and Wendel North America LLC (indirect subsidiary of Wendel), which ends his American employment contract on the terms described within it (see the Statutory Auditors' special report on regulated related-party agreements, presented in Chapter 9 of the 2019 Universal Registration Document).

The Company has applied the regulated related-party agreements to this agreement. It was authorized by the Supervisory Board and is mentioned in the Statutory Auditors' special report on regulated related-party agreements and approved by the Shareholders' Meeting of July 2, 2020.

2.2 Compensation of corporate officers

2.2.1 Compensation policy for corporate officers

The compensation policy for members of the Executive Board (section 2.2.1.2) and the compensation policy for members of the Supervisory Board (section 2.2.1.3), pursuant to Article L. 22-10-26 of the French Commercial Code, are described below. These compensation policies are subject to the approval of the Shareholders' Meeting on June 29, 2021, pursuant to resolutions 10 to 12.

2.2.1.1 General principles relating to the compensation policy for corporate officers

Identification, review and implementation process

Members of the Executive Board

The compensation of the members of the Executive Board is set by the Supervisory Board on the recommendation of the Governance and Sustainability Committee. It is established with a view to provide stability during the four-year term of the Executive Board and submitted each year to the approval of the Shareholders' Meeting.

As part of the renewal of the Executive Board for a new four-year term starting on April 7, 2021, the compensation policy was fully reviewed. The process followed is detailed below in section 2.2.1.2, with an overview of the work of the Governance and Sustainability Committee, as well as the proposed changes compared to the previous compensation policy.

With regard to the implementation of the policy, it is carried out in accordance with the terms approved by the Shareholders' Meeting, subject to any exemptions applied in accordance with the principles set out in this section. The implementation of the policy is discussed during meetings of the Governance and Sustainability Committee, with the support of the Audit, Risk and Compliance Committee concerning the figures.

Detailed information describing the implementation of the compensation policy is set out in the Universal Registration Document relating to the financial year during which the compensation items were awarded and/or paid.

Supervisory Board members

The compensation package allocated to members of the Supervisory Board is determined by the Shareholders' Meeting. It is then the responsibility of the Supervisory Board to set the distribution of this compensation among its members, by allocating a fixed portion and a variable portion based on actual attendance at meetings of the Supervisory Board and its Committees.

The variable amount of the compensation of members of the Supervisory Board and the Committees is adjusted each year according to (i) the number of scheduled meetings and (ii) the number of members benefiting from this compensation.

Compliance

The Supervisory Board follows the recommendations of the Afep-Medef Code for setting the compensation and benefits to be paid to members of the Executive Board and members of the Supervisory Board.

It ensures that the compensation policy for corporate officers complies with the principles of comprehensiveness, balance, comparability, consistency, intelligibility and prudence.

Principles and objectives

The principles and objectives that have guided the determination of the 2021-2024 compensation policy for corporate officers are as follows:

- performance requirement;
- alignment of interests with shareholders;
- motivation of corporate officers;
- importance of retaining teams and attracting the best talents (the Executive Board's compensation policy is then applied to that of one-third of Wendel's workforce);
- alignment with Wendel's values, notably in terms of ESG;
- simplicity.

Respect for the Company's interests and link with the Company's strategy, sustainability and employee compensation

The compensation policy set by the Supervisory Board contributes to the Company's long-term interests in that it is based, on the one hand, on the performance of Wendel and the portfolio and, on the other hand, on the implementation of its strategy. Thus, certain short-term compensation objectives depend on the achievement of the roadmap to be implemented by the Executive Board for its new mandate, while others are based on the revenue and results of Wendel's portfolio companies. Long-term compensation, which gives corporate officers a stake in the share capital, is linked to the Company's performance over 4 years; this performance being both financial, based on the increase in the TSR and dividend, and non-financial, based on ESG criteria.

Through these features, the compensation policy is in line with the corporate interest, contributes to the Company's sustainability and creates alignment between the interests of corporate officers and shareholders. It is also consistent with the corporate purpose of Wendel, as defined in 2020, which, as a long-term investor, engages with entrepreneurial teams to build sustainable leading companies.

Compensation conditions for the Company's teams are also taken into account, insofar as:

- the targets used to determine the annual variable compensation of the Executive Board are also applied to a portion of the variable compensation of approximately one-third of Wendel's workforce;
- the performance conditions attached to the Executive Board's stock options and performance shares are used in whole or in part in the allocation plans benefiting to employees.

Conflicts of interest

During the determination, review and implementation of the compensation policy for members of the Executive Board and Supervisory Board, the Supervisory Board, where necessary, applies the measures for management of conflicts of interest stated in the Supervisory Board's internal regulations and the Market Confidentiality and Ethics Code (see sub-section 2.1.8.2 "Conflicts of interest"). The members of the Executive Board do not attend the deliberations of the Supervisory Board relating to their compensation.

Exemptions

An exemption to the application of the compensation policy may be granted if it is temporary, subject to the occurrence of exceptional circumstances, consistent with the Company's interests and necessary to ensure the Group's continued existence or viability. Any exemption from one of the compensation items policy shall be decided by the Supervisory Board on the prior recommendation of the Governance and Sustainability Committee. Any exemption thus decided will be set forth in the Universal Registration Document for the fiscal year during which they were implemented.

The compensation items that may be waived are: the annual variable compensation as well as the options and the performance shares.

It should be noted that the crisis linked to Covid-19 has already been identified as an exceptional circumstance. The impact of this crisis and the management thereof by the members of the Executive Board may be taken into consideration by the Supervisory Board, on the advice of the Governance and Sustainability Committee, to determine the rate of achievement of qualitative objectives of the annual variable compensation of the members of the Executive Board for the 2021 fiscal year. This provision will enable the Supervisory Board to ensure adequacy between the application of the compensation policy with the management of the crisis by the members of the Executive Board, the performance of the Group, and the exceptional circumstances.

2.2.1.2 Compensation policy for Executive Board members

Determination of the compensation policy for 2021

As part of the renewal of the Executive Board for a new four-year term, the Governance and Sustainability Committee worked for a number of months on the overhaul of the compensation policy by following a rigorous process based on:

- specific benchmarks;
- analysis of best practices in the sector and compensation recommendations;
- discussions with shareholders, as part of governance roadshows during which the Chairwoman of the Committee met with Wendel's main investors and the main proxy advisor firms;
- constructive dialogue with each member of the Executive Board.

The benchmarks used, were developed by an external specialist, and were based on three panels of companies. This made it possible to analyze data accounting for the hybrid nature of Wendel. As an investment company listed on the Euronext Paris market, the compensation system for its executives was compared to that implemented by:

- 45 SBF 120 companies with a market capitalization of between €2m and €8m, comparable to Wendel;
- 13 investment and holding companies listed in Europe (3i Group, Ackermans&van Haaren, Eurazeo, Exor, GBL, Hal Trust, Investor AB, IndustrivardenAB, KinnevikAB, Onex, Peugeot Invest, RatosAB, Sofina);
- 8 private equity funds.

As part of the renewal of the Executive Board's term of office for the 2021-2024 period, the compensation principles of the Executive Board were reviewed in detail and with an overall approach, so that this compensation be aligned with the individual and collective performance of the Executive Board members (pay for performance), as well as with the corporate purpose and new strategy of Wendel. These changes also aim to motivate and retain the members of the Executive Board, whose actions contribute to the Company's performance.

In proposing the changes set out below, the Supervisory Board took into account the various elements studied by the Governance and Sustainability Committee, enabling it to implement a balanced and attractive compensation policy.

Proposed changes for 2021

The Supervisory Board of March 17, 2021, on the recommendation of the Governance and Sustainability Committee, implemented the following changes:

- fixed compensation: the fixed compensation of the Chairman of the Executive Board, was to be increased for his second term of office, but ultimately remained unchanged in 2021 to €1,150,000 (unchanged since 2018) due to the crisis context. For the other member of the Executive Board, the fixed portion of his remuneration has been increased from €600,000 to €770,000. It was agreed with David Darmon that if his term of office was renewed, the level of his fixed portion would be aligned with that of his predecessor (€840,000). Without proposing an upgrade equivalent to this amount due to the crisis context, the Supervisory Board considered it appropriate to significantly increase David Darmon's fixed compensation in order to align the respective positions of the Chairman of the Executive Board and the member of the Executive Board within the benchmarks;
- annual variable compensation: the performance objectives and their weighting conditioning the payment of the annual variable compensation have partially evolved to reflect the Company's new strategic plan. The maximum amount of the variable compensation remains unchanged at 115% of the fixed compensation, and the breakdown between financial objectives (65%) and non-financial objectives (35%) also remains unchanged;
- options and performance shares: in line with best practices in this area, the Board has set the maximum overall value of the options and performance shares granted during the fiscal year at, respectively, 105% and 95% of the total amount of fixed compensation and maximum annual variable compensation of the Chairman and of the member of the Executive Board. In the interest of balance and consistency between the members of the Executive Board, it was also decided that each member of the Executive Board would receive an identical proportion of 70% of performance shares and 30% of options. The presence condition for the options and shares has been extended to 2 to 4 years following the grant date, with thresholds set at 50% in the event of departure at the end of a period of 2 years, 75% in the event of departure after a period of 3 years, and 100% in the event of departure after a period of 4 years. In addition, the performance criteria changed as follows:
  - options: the exercise of options is henceforth subject to meeting an ESG performance condition over a period of 4 years, instead of a condition linked to the evolution of the dividend which was assessed over 3 years. This condition was chosen because it constitutes a good indicator of the roll-out of Wendel's ESG strategy at the level of the portfolio companies, reflecting the growing role of ESG in Wendel's long-term strategy,
  - performance shares: the vesting of shares is subject to meeting three demanding conditions assessed over a period extended to 3 to 4 years. Two of them relate to the evolution of Wendel's *Total Shareholder Return* with an absolute (25% of the allocation) and relative (50% of the allocation) assessment. It should be noted that the relative assessment of the evolution of the TSR is based on the CAC mid60 index – instead of the SBF 120 – and that in the event of a performance below the median of this index, the allocation will now be lost. The third condition, which was also based on the evolution of the relative performance of the TSR, has been replaced by the evolution of the ordinary dividend (25% of the allocation). The dividend evolution each year is a good indicator of Wendel's financial health and is one of the pillars of Wendel's long-term strategy *vis-à-vis* its shareholders, as announced to the market on March 18, 2021;
- holding obligation: the general and permanent obligation for members of the Executive Board to hold Company shares has evolved; it was thus decided that instead of holding at least 25,000 shares, this obligation would now relate to the value of the shares held, which must represent respectively, 200% and 100% of the fixed compensation of the Chairman and of the member of the Executive Board;
- departure of an Executive Board member: it was specified that, in the event of an exceptional exemption from the presence condition applicable to stock options and performance shares granted to an Executive Board member, this exemption would be applied on a *prorata-temporis* basis;

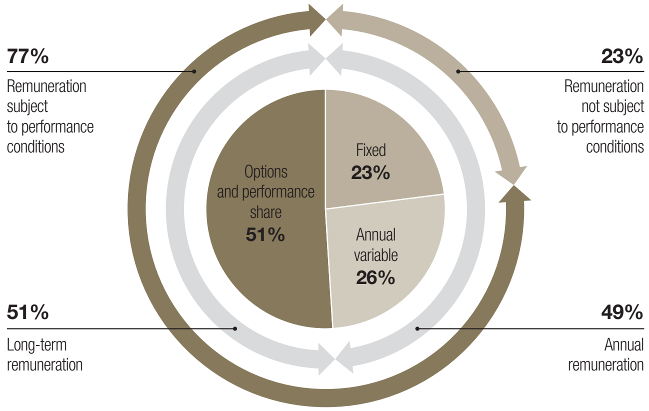
■ termination benefits: the terms and conditions of the termination benefits of the Chairman of the Executive Board have been extensively reviewed and aligned with those of the other Executive Board member, in accordance with good governance practices in this area. They now provide for an allowance equal to 18 months of his fixed and variable compensation paid. As regards to the other Executive Board member, the relative performance condition used to characterize a situation of failure now refers to a comparison with the CAC mid60 index, in line with the new relative performance condition for performance shares (instead of a panel of comparable companies);

■ exemption from the compensation policy: the exemption is limited to the annual variable compensation, the options and the performance shares.

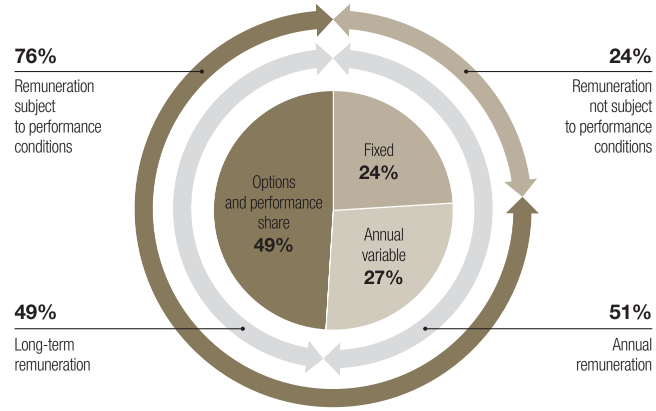
2021 compensation structure

The 4 main compensation items of the members of the Executive Board form a balance between annual compensation and long-term compensation, as well as between the proportion of compensation subject to performance conditions or not. They are complementary and each of them serves different purposes.

André François-Poncet



David Darmon



The members of the Executive Board do not benefit from the following compensation items: multi-year variable compensation, exceptional compensation, non-compete compensation, supplementary pension plan.

Compensation items

Fixed compensation

As described above, the fixed compensation for 2021 is as follows:

■ €1,150,000 for the Chairman of the Executive Board;

■ €770,000 for the other member of the Executive Board.

Annual variable compensation

For 2021, the Supervisory Board has not changed the maximum amount of variable compensation set at 115% of fixed compensation, this proportion being unchanged since 2017. Variable compensation is in no way guaranteed and its amount varies each year depending on the achievement of financial and non-financial objectives. The achievement rate for 2020 is detailed in section 2.2.2.2 "Total compensation and benefits of all kinds" paragraph "Summary of compensation, options and performance shares granted in respect of the 2020 fiscal year to each executive corporate officer".

Similarly, for 2021 the Supervisory Board has decided to retain four objectives, three financial and one non-financial as described below. These objectives were precisely determined by the Supervisory Board, on the recommendation of the Governance and Sustainability Committee, at its meeting on March 17, 2021. For each criterion, the Supervisory Board sets a target objective and a range of performance thresholds. As outlined below, these objectives are consistent with the Group's development strategy.

Description of the 2021 performance objectives:

The **financial objectives,** weighted and capped together at 65% of the maximum variable compensation, have changed little in 2021:

- the **1st objective** concerns Bureau Veritas, with specific criteria about its performance, measured on the basis of its organic growth and adjusted operating income; it is weighted and capped at 20% of the maximum variable compensation;
- the **2nd objective** concerns the performance of five unlisted companies in the portfolio (IHS, Stahl, Constantia, Cromology and CPI), measured on the basis of their organic growth and EBITDA (the rate of achievement of this objective being calculated on a consolidated basis, on the basis of the achievement rates of each of the companies, weighted according to the average of the individual values of these five companies in Net Asset Value at December 31, 2020 and in Net Asset Value at December 31, 2021); this objective is weighted and capped at 25% of the maximum variable compensation;
- the **3rd objective** replaces the previous objective based on the level of net debt. It now concerns maintaining Wendel's Investment Grade rating (this credit rating, known as the "investment" category, places the credit issuer in a high credit quality category; Investment Grade ratings are between AAA and BBB according to the Standard & Poor's scale); it is weighted and capped at 20% of the maximum variable compensation.

The non-financial objective has been significantly revised for 2021 to focus on strategy; it is weighted and capped at 35% of the maximum variable compensation. It is based on the achievement of several criteria, which account respectively for 40%, 37.5% and 22.5% of the non-financial objective. The first criterion (weighted and capped at 40% of the non-financial objective) is thus linked to the implementation of the 2021-2024 strategic plan and of other value creation initiatives. The other two criteria are more common but less heavily weighted than before:

- criteria for the portfolio companies (weighted and capped at 37.5% of the non-financial objective):
  - for Bureau Veritas (weighted and capped at 10% of the non-financial objective), the achievement of the non-financial objectives attached to Bureau Veritas' CEO variable compensation,
  - targeted initiatives relating to five unlisted companies in the portfolio - IHS, Stahl, Constantia, Cromology and CPI (weighted and capped at 27.5% the non-financial objective);
- criteria linked to the ESG roadmap and compliance procedures (weighted and capped at 22.5% of the non-financial objective) such as: evolution in Wendel's non-financial rating, the analysis of exposure to climate risk, the monitoring of key ESG performance indicators at the level of the portfolio companies, continued development in terms of gender balance in the workforce, monitoring and strengthening of compliance procedures, including the measures put in place by the portfolio companies (Sapin II law). The decrease in the ESG/compliance portion of the annual variable compensation is offset by the introduction of an ESG performance condition in the long-term compensation.

When assessing the achievement of the non-financial objective, and considering the exceptional circumstances resulting from the crisis linked to Covid-19, the Supervisory Board will assess the quality of crisis management by the Executive Board. As the case may be, said quality of crisis management could supersede all or part of abovementioned criteria of the non-financial objective.

Each performance objective on which the allocation of the annual variable compensation is based is capped, in order to avoid any effect of offsetting outperformance with possible underperformance.

These financial and non-financial objectives are also used to determine a portion of the variable compensation of approximately one-third of Wendel's workforce.

Summary:

Type of objective	Weighting
Financial objectives	**65%**
Bureau Veritas performance: organic growth and adjusted operating income	20%
Performance of 5 unlisted companies in the portfolio (IHS, Stahl, Constantia, Cromology and CPI): organic growth and EBITDA	25%
Maintaining Wendel's Investment Grade rating	20%
Non-financial objective	**35%**
Criteria:	
Criteria related to Wendel in relation to strategy or value creation	*40%*
Criteria relating to portfolio companies:	*37.5% including:*
■ *Bureau Veritas (objectives related to the non-financial portion of the CEO's variable compensation)*	*10%*
■ *Unlisted portfolio companies (targeted initiatives)*	*27.5%*
ESG roadmap and compliance procedures	*22.5%*
TOTAL	**100%**

Grants of stock options and performance shares

The members of the Executive Board are granted stock options and performance shares which encourage the achievement of the Group's medium to long-term objectives and the resulting creation of value for shareholders.

The stock options and performance shares granted to the members of the Executive Board during 2020 are described in section 2.2.2.2 "Total compensation and benefits of all kinds" of the Universal Registration Document.

Maximum grant amount

The Supervisory Board, after consulting the Governance and Sustainability Committee, has decided that the overall value of the stock options and performance shares, as determined on the date of their allocation, may reach for 2021 a maximum of:

- for the Chairman of the Executive Board: 105% of the sum of the fixed and the maximum annual variable portions of his annual compensation;
- for the member of the Executive Board: 95% of the sum of the fixed and the maximum annual variable portions of his annual compensation,

it being specified that, in compliance with these proportions, each member of the Executive Board will receive an identical allocation of 70% of performance shares and 30% of stock options.

In the framework of resolutions 20 and 21, it will be proposed to the 2021 Shareholders' Meeting to authorize, for a period of 14 months, the allocation of an overall budget of options and performance shares capped at 1% of capital. For members of the Executive Board, a sub-ceiling stipulates that the total number of shares resulting from the exercise of the stock options and the definitive vesting of the free shares granted may not exceed 50% of this overall budget.

Holding obligation

In accordance with the law and the governance principles of the Afep-Medef Code, the members of the Executive Board are subject to a general and permanent obligation to hold Company shares. The Supervisory Board meeting of March 17, 2021 decided that the value of the shares held in this context must represent:

- for the Chairman of the Executive Board: 200% of the fixed portion of his annual compensation;
- for the member of the Executive Board: 100% of the fixed portion of his annual compensation.

The members of the Executive Board are also required to keep in registered form until the end of their terms of office: 500 shares resulting from the exercise of stock options and 500 performance shares granted under each plan they benefit from in their capacity as members of the Executive Board. It is specified that these shares are included in the calculation of the aforementioned general obligation.

If a member of the Executive Board does not hold shares representing the required value at the time of taking up his duties, he/she is not required to purchase shares on the market, but he/she must keep all the shares acquired as and when options are exercised or performance shares vested until he/she holds the number of shares stipulated by the aforementioned general obligation, after deducting, for the shares resulting from the exercise of options, the exercise price of the said options.

Hedge

The members of the Executive Board have each undertaken not to use any hedging transactions for stock options and performance shares granted by the Company, until the end of their corporate office.

Allocation of stock options

Members of the Executive Board may be granted stock subscription or purchase options.

The presence condition is of 4 years following the date of granting of the stock options, it being specified that subject to the achievement of the performance condition described below, 50% of the options may be exercised in the event of departure at the end of a period of 2 years, 75% of the options in the event of departure at the end of a period of 3 years and 100% of the options in the event of departure at the end of a period of 4 years.

The Supervisory Board considers that the procedures for exercising the stock options are in themselves an intrinsic performance condition directly linked to the growth of the Company's share price, since the exercise of the options is favorable to the beneficiaries provided that their exercise price is lower than the stock market price on the exercise date.

Nevertheless, for 2021, the Board has set a new performance condition linked to the Company's ESG strategy, assessed over a period of 4 years, as follows:

- if, at the end of the first year, all companies controlled by Wendel have prepared an analysis of their climate risk, the condition is met (25% of the allocation);
- if, at the end of the second year, at least half of the companies controlled by Wendel have defined and approved a corrective action plan for the identified climate risks; the condition is met (25% of the allocation);
- if, at the end of the third year, all companies controlled by Wendel have defined and approved a corrective action plan to address the identified climate risks; the condition is met (25% of the allocation);
- if, at the end of the fourth year, all companies controlled by Wendel have implemented priority corrective actions as defined in their action plans and presented the initial results of these corrective actions, the condition is met (25% of the allocation).

It is specified that this assessment will be made by the Supervisory Board each year, on the anniversary date of the grant. Companies acquired during the 4-year period from the grant date will not be taken into account.

The Supervisory Board considers that this performance condition is a good indicator of the deployment of Wendel's ESG strategy at the level of the portfolio companies, and stresses the importance of ensuring the resilience of these companies with regard to climate risk, through the implementation of long-term action plans.

The exercise price for the stock options is based on the average of the share price in the 20 trading days preceding the grant date, with no discount.

As the options are valid for 10 years, their exercise period begins at the end of the four-year performance condition and lasts six years.

Allocation of performance shares

Members of the Executive Board may be granted performance shares. The presence condition is of 4 years following the date of allocation of the performance shares, it being specified that, subject to the achievement of the performance conditions described below, 50% of the performance shares may be acquired in the event of departure at the end of a period of 2 years, 75% of the performance shares in the event of departure at the end of a period of 3 years and 100% of the performance shares in the event of departure at the end of a period of 4 years.

The Supervisory Board has set three performance conditions assessed over a period of 4 years and aligned with the interests of shareholders. They are based on (i) Wendel's Total Shareholder Return (TSR), by applying both an absolute and a relative assessment, and (ii) the evolution in the ordinary dividend paid each year to shareholders. These conditions are as follows:

- Absolute TSR performance (25% of the allocation)

  The absolute performance of Wendel's annualized TSR is measured as follows:

  - if the TSR is greater than or equal to 9% per year, the condition is met at 100%;
  - if the TSR is less than 5% per year, the condition is not met;
  - between these two limits, the acquisition is calculated on a linear basis.
- Relative TSR performance (50% of the allocation)

  The relative performance of Wendel's annualized TSR is measured against that of the CACMid60 index as follows:

  - if Wendel's TSR is greater than or equal to the median TSR of the index plus 3%, the condition is met at 100%;
  - if Wendel's TSR is equal to the median of the index's TSR, the condition is met at 50%;
  - between these two limits, the acquisition is calculated on a linear basis;
  - if Wendel's TSR is lower than the median of the index's TSR, the condition is not met.
- Dividend evolution (25% of allocation)

  The ordinary dividend paid (excluding any exceptional dividend) each year for 4 years must be greater than or equal to the dividend paid the previous year.

  The evolution in the dividend each year is a good indicator of Wendel's financial health and is one of the pillars of Wendel's long-term strategy towards its shareholders.

Employment contract

In accordance with the recommendations of the Afep-Medef Code, the Chairman of the Executive Board does not have an employment contract.

The other member of the Executive Board, David Darmon, holds a French law employment contract with the Company that entered into force on July 4, 2005. It is suspended since May 31, 2013, and was last amended on March 4, 2020.

This employment contract will remain suspended for the duration of David Darmon's term of office as a member of the Executive Board. In view of David Darmon's seniority as a Wendel employee, it was decided to maintain the suspension of the employment contract rather than terminate it.

Furthermore, in the event that David Darmon's term of office as a corporate officer is terminated, his employment contract with the Company will resume its effects. The employment contract may be terminated under ordinary law conditions at the initiative of David Darmon or the Company. The termination of the employment contract would be effective at the end of a notice period of six months (except in the event of serious misconduct) and might trigger the entitlement to legal and contractual indemnities for dismissal. This notice period may be cut short to allow David Darmon to claim unemployment benefits through GSC (a specialized provider of unemployment insurance for CEOs).

Benefit of all kinds

The members of the Executive Board are covered by unemployment insurance through GSC (a specialized provider of unemployment insurance for CEOs).

They also benefit, in the same way as all Wendel employees, from the agreements in force at Wendel in terms of profit-sharing, and savings and retirement plans, it being recalled that they are not entitled to any supplementary pension plans.

Executive Board members can subscribe to capital increases reserved for members of the Group savings plan under the same conditions as all Wendel employees, in accordance with the applicable legal provisions (*i.e.* a capped company matching contribution and a discount of no more than 30% of the reference price on the share subscription price).

In the context of co-investments made in accordance with the applicable rules for the period 2021-2024 (see note 5-1 to the consolidated financial statements), the subscription price is the same for Wendel and other co-investors, Executive Board members included, and does not take into account carried interest rights.

The Chairman of the Executive Board may be provided with a company car, the maintenance and insurance costs of which are borne by the Company.

Appointment of a new Executive Board member

In the event of the arrival of a new Executive Board member, the principles and criteria defined in this policy will apply to this new Executive Board member, except in exceptional circumstances. The Supervisory Board, on the recommendation of the Governance and Sustainability Committee, shall determine the fixed and variable items of compensation and the criteria for variable compensation, within that framework and according to the specific situation of the person concerned. If necessary, any changes to the compensation policy shall be submitted for approval at the next Shareholders' Meeting.

If the new Executive Board member is appointed from outside the Company, the Supervisory Board, on the recommendation of the Governance and Sustainability Committee, may decide to pay a welcome bonus to the new Executive Board member as compensation for any benefits he or she may lose by leaving his or her prior position.

Departure of an Executive Board member

In the event of the departure of an Executive Board member, several compensation items shall be impacted as follows:

Fixed compensation	Prorated amount paid.
Annual variable compensation	Amount of variable compensation to be paid, which is prorated, assessed after the end of the fiscal year by the Supervisory Board according to the achievement of the targets set, on the recommendation of the Governance and Sustainability Committee.
Options and performance shares	Options and performance shares that have not yet vested are forfeited. However, in the event of exceptional circumstances, the Supervisory Board may, on the proposal of the Governance and Sustainability Committee, decide to maintain it, waiving the applicable presence condition, the exemption being applied on a *prorata-temporis* basis. In any event, there can be no exemptions from the application of the performance conditions governing the exercise of the options and/or the vesting of the performance shares.
Termination benefits	The Supervisory Board shall assess the fulfillment of the conditions of application and performance conditions for the payment of termination benefits.

Severance pay

André François-Poncet

In the event of termination of his term of office on the Executive Board, André François-Poncet would receive a severance payment equal to 18 months of his monthly average remuneration determined as follows: sum of (i) his gross monthly fixed compensation at the time of his removal and (ii) 1/12th of the variable compensation actually paid during the last fiscal year preceding his departure.

Payment of the benefits is subject to the fulfilment of both of the following two performance conditions:

- André-François Poncet must have obtained, for the last two financial years preceding his departure, more than 70% of his maximum variable compensation; and
- the amount of the last known ordinary dividend on the date of departure must be higher than or equal to the dividend for the previous financial year.

This indemnity will be due only in the event of forced departure, *i.e.* in the following situations:

- departure linked to the dismissal as Chairman and member of the Executive Board;
- non-renewal of the term of office as Chairman and member of the Executive Board at the request of the Supervisory Board;
- resignation as Chairman and member of the Executive Board within six months following a substantial change in responsibilities or a significant divergence in strategy.

This indemnity will not be due in the event of:

- resignation, except in the aforementioned case;
- retirement within six months prior to eligibility for a full pension;
- serious or gross misconduct;
- a situation of failure observed by the Supervisory Board; a situation of failure being defined as serious misconduct (in accordance with the definition of the Social Law Chamber of the French Supreme Court) unanimously recognized by the members of the Supervisory Board, it being specified that if the removal procedure is initiated more than two months after one of the members of the Board becomes aware of the events motivating the removal, the situation of failure is not qualified.

David Darmon

In the event of termination of his term of office on the Executive Board and of his employment position with the Company, David Darmon would receive, in addition to any legal and contractual indemnities payable in respect of the termination of his French employment contract, a severance payment equal to 18 months of his gross monthly fixed compensation at the time of his removal.

Payment of the benefits is subject to the fulfilment of both of the following two performance conditions:

- David Darmon must have obtained, for the last two financial years preceding his departure, more than 70% of his maximum variable compensation; and
- the amount of the last known ordinary dividend on the date of departure must be higher than or equal to the dividend for the previous financial year.

This indemnity will be due only in the event of forced departure, *i.e.* in the following situations:

- departure linked to the dismissal of a member of the Executive Board;
- non-renewal of the term of office as member of the Executive Board at the request of the Supervisory Board;
- resignation as a member of the Executive Board within six months following a substantial change in responsibilities or a significant divergence in strategy;
- resignation from office as a member of the Executive Board as a result of dismissal (with the exception of dismissal for serious or gross misconduct).

This indemnity will not be due in the event of:

- resignation, except in the aforementioned cases;
- retirement within six months prior to eligibility for a full pension;
- serious or gross misconduct;
- a situation of failure observed by the Supervisory Board, it being specified that a situation of failure occurs if (i) the level of consolidated net debt of the Wendel Group is greater than €2.5 billion, and (ii) for two continuous years, Wendel's TSR is in the last quartile in terms of relative performance compared to the CACmid60.

At the end of David Darmon's term of office as a member of the Executive Board, his employment contract would resume its effects with the Company and might trigger an entitlement to legal and contractual termination indemnities.

It is specified that the total amount of indemnities paid to David Darmon, including legal and contractual indemnities related to his employment contract, may not exceed 18 months of his monthly average remuneration determined as follows: sum of (i) his gross monthly fixed compensation at the time of his removal and (ii) 1/12th of the variable compensation actually paid during the last fiscal year preceding his departure.

2.2.1.3 Compensation policy for members of the Supervisory Board

Since 2017, the maximum overall compensation budget as approved by the Shareholders' Meeting for the Supervisory Board members is €900,000.

In accordance with the recommendations of the Afep-Medef Code, a criterion of variability based on actual attendance at Supervisory Board meetings and meetings of its Committees has been included since 2019 to calculate the awarding of compensation to Supervisory Board members.

It is specified that the variable amount of compensation of Supervisory Board members is adjusted each year in line with (i) the number of scheduled meetings of the Supervisory Board and of its Committees, within the limit of the overall budget approved by the Shareholders' Meeting and (ii) the number of members who benefit from this compensation. In 2021, 8 meetings of the Supervisory Board, 7 meetings of the Audit, Risks and Compliance Committee and 6 meetings of the Governance and Sustainability Committee are scheduled.

The compensation policy for Supervisory Board members breaks down as follows:

- ordinary compensation (for all Board members except Chairman):
  - fixed compensation: €25,000,
  - variable compensation: €3,000 per scheduled meeting;
- additional compensation for Committee membership (for all Committee members other than Chair):
  - fixed compensation: €10,000,
  - variable compensation: €1,700 per scheduled meeting;
- compensation for chairing a Committee:
  - fixed compensation: €25,000,
  - variable compensation: €3,400 per scheduled meeting;
- compensation for the Chairman of the Supervisory Board:
  - fixed compensation: €52,000,
  - variable compensation: €6,000 per scheduled meeting;
- specific compensation for the Chairman of the Supervisory Board and for the Lead member of the Supervisory Board:

  Since 2018, the annual compensation of the Chairman of the Supervisory Board has amounted to €250,000. This compensation was set on the basis of a benchmark. It is reviewed every year by the Supervisory Board and the Governance and Sustainability Committee.

  The lead member of the Supervisory Board receives compensation of €25,000 for his specific duties.

Members of the Supervisory Board do not receive any other compensation.

2.2.2 General information on the compensation of corporate officers for fiscal year 2020

The information mentioned in Article L. 22-10-9, I of the French Commercial Code is described below. In accordance with Article L. 22-10-34, I of the French Commercial Code, this information is submitted for approval to the Shareholders' Meeting of June 29, 2021, pursuant to Resolution No. 13.

2.2.2.1 Application of 2020 compensation policy

The 2020 compensation policy for the Chairman of the Executive Board, the member of the Executive Board and the members of the Supervisory Board was approved as follows at the Shareholders' Meeting of July 2, 2020:

- Chairman of the Executive Board, Resolution No. 7 approved with 80.40% "for" votes;
- Member of the Executive Board, Resolution No. 8 approved with 92.46% "for" votes;
- Members of the Supervisory Board, Resolution No. 9 approved with 99.80% "for" votes.

As a sign of solidarity in the framework of the Covid-19 crisis:

- the members of the Executive Board waived 25% of their fixed compensation over a period of three months during fiscal year 2020, *i.e.* a total amount of €109,375.
- the members of the Supervisory Board waived 25% of their compensation over a period of three months during fiscal year 2020, *i.e.* a total amount of €56,075.

These sums have been allocated to Wendel's endowment fund to finance philanthropic causes.

The total compensation of the aforementioned corporate officers paid or awarded in respect of fiscal year 2020 complies with the provisions of the compensation policy for 2020. The caps stated in the compensation policy and the presence and performance conditions of options and performance shares have been complied with, without exception. For more information on the achievement of the performance objectives attached to the payment of the annual variable compensation, see section 2.2.2.2 "Total compensation and benefits of all kinds."

Total compensation contributes to the long-term performance of the Company by being both balanced and attractive, thereby enabling to satisfactorily compensate the corporate officers whose skills promote the development of the Company's activities.

2.2.2.2 Total compensation and benefits of all kinds

The compensation items of Executive Board and Supervisory Board members presented below are those paid in the course of or allocated for fiscal year 2020 in respect of their term of office.

Summary of compensation, options and performance shares granted in respect of the 2020 fiscal year to each executive corporate officer

Relative proportion of fixed and variable compensation

The variable annual compensation allocated to the members of the Executive Board for fiscal year 2020 corresponds to 79.35% of the respective fixed compensation allocated to André François-Poncet, and David Darmon.

For André François-Poncet, the value of options and performance shares granted in 2020 corresponds to 87.7% of the sum of the fixed and the maximum variable compensation provided for by the 2020 compensation policy.

For David Darmon, the value of options and performance shares granted in 2020 corresponds to 55.5% of the sum ot the fixed and the maximum variable compensation provided for by the 2020 compensation policy.

With regard to Bernard Gautier, his term of office as a member of the Executive Board ended on September 9, 2019 and his employment contract expired on March 10, 2020, at the end of a six-month notice period that began on September 11, 2019. In this context, the only elements of compensation that were paid to him in 2020 were as follows:

- fixed compensation for the period January 1 to March 10, 2020;
- annual variable compensation for 2019, paid in July 2020;
- profit-sharing for fiscal year 2019, paid during 2020;
- balance of the termination benefit determined in 2019, paid in March 2020.

As a reminder, the compensation elements allocated to Bernard Gautier in respect of the 2019 fiscal year were approved by the Shareholders' Meeting of July 2, 2020.

Table 1 under the Afep-Medef Code

	2020	2019
André François-Poncet Chairman of the Executive Board		
Total compensation awarded for the year (detailed in table 2)	**2,210,666**	**2,586,376**
Number of options granted during the year	22,341	22,579
Valuation of options granted during the year (detailed in table 4)	**408,840**	**383,843**
Number of performance shares granted during the year	35,745	36,126
Valuation of performance shares granted during the year (detailed in table 6)	**1,758,654**	**2,958,719**
TOTAL	**4,378,160**	**5,928,938**
David Darmon Member of the Executive Board		
Total compensation awarded for the year (detailed in table 2)	**1,636,023**	**881,074**
Number of options granted during the year	20,625	-
Valuation of options granted during the year (detailed in table 4)	**377,438**	**-**
Number of performance shares granted during the year	6,875	-
Valuation of performance shares granted during the year (detailed in table 6)	**338,250**	**-**
TOTAL	**2,351,711**	**881,074**
Bernard Gautier Member of the Executive Board until September 9, 2019		
Total compensation awarded for the year (detailed in table 2)	**162,273**	**1,792,999**
Number of options granted during the year[(1)]	-	-
Valuation of options granted during the year	**-**	**-**
Number of shares granted during the year[(1)]	-	-
Valuation of performance shares granted during the year	**-**	**-**
TOTAL	**162,273**	**1,792,999**

The options and performance shares in this table have been measured at their "fair value" from an accounting standpoint, calculated at the time they were granted and in accordance with IFRS. They correspond neither to amounts actually received nor to the real amounts that could be obtained if the presence and performance conditions enabling their beneficiaries to receive income were fulfilled. The subscription options and performance shares granted in 2020 were valued at €18.3 and €49.2, respectively. The purchase options and performance shares granted in 2019 were valued at €17 and €81.9, respectively.

(1) It is specified that the termination of Bernard Gautier's functions having occurred before the expiry of the presence condition applicable to the options and performance shares granted in fiscal year 2019, the latter were lost (32,965 options valued at €560,405 and 10,837 performance shares valued at €887,550 had been granted to him). Bernard Gautier did not receive any options or performance shares in 2020.

Summary of the compensation of each executive corporate officer

On the recommendation of the Governance and Sustainability Committee, the Supervisory Board made the following decisions in 2020:

- the fixed compensation of André François-Poncet and David Darmon was set at €1,150,000 and €600,000 per year respectively (unchanged from 2019);
- Executive Board members' variable compensation remained set at a maximum of 115% of fixed compensation, with no possibility of exceeding this limit. As before, such variable compensation was not guaranteed.

Variable compensation is paid after the Shareholders' Meeting in the year following the year for which it is awarded.

65% of the variable compensation for 2020 is subject to the achievement of financial targets and 35% is subject to the achievement of non-financial targets. The Supervisory Board, at its meeting of March 17, 2021, on the recommendation of the Governance and Sustainability Committee and after validation of the figures by the Audit, Risks and Compliance Committee, determined the level of achievement of the targets as follows:

Type of objective	Weighting/ ceiling	Rate of achievement on 100%	Comments
FINANCIAL OBJECTIVES:			
Bureau Veritas performance measured equally in terms of organic growth and adjusted operating profit	20%	3.6%	Bureau Veritas' 2020 organic growth and adjusted operating profit were compared with the grid of target amounts initially determined early 2020. This result reflects a lower performance compared to objectives determined before the Covid-19 crisis.
Performance over the year of five unlisted portfolio companies (IHS, Stahl, Constantia, Cromology and CPI), measured equally between organic growth and EBITDA	25%	53.2%	The 2020 organic growth and EBITDA of IHS, Stahl, Constantia, Cromology and CPI were compared with the grid of target amounts initially determined early 2020. For 2020, the good performance of IHS, Cromology and Constantia were negatively offset by Stahl and CPI's performance, that were lower than objectives determined before the Covid-19 crisis.
Wendel's level of net debt, which must not exceed €2.5bn when calculating each Net Asset Value published during the year	20%	100%	Wendel's net debt at the end of 2020 was €468 million. During 2020, net debt was calculated at each quarter end and published in the Net Asset Value (NAV). It did not exceed the €2.5 billion limit.
TOTAL FINANCIAL OBJECTIVES	**65%**	**52.3%**	
NON-FINANCIAL OBJECTIVE			
Priorities:			
Objectives relating to portfolio companies: ▪ *for Bureau Veritas, targets in line with those adopted for the non-financial targets attached to the payment of the variable compensation of the Chief Executive Officer of Bureau Veritas* ▪ *targeted initiatives relating to unlisted portfolio companies*	*45%* *10%* *35%*	*100%* *100%* *100%*	Bureau Veritas: On February 24, 2021, the Board of Directors of Bureau Veritas - in which Wendel is a minority member – has decided to award a 100% achievement rate for the non-financial objectives of Didier Michaud-Danied, CEO. Unlisted companies: planned initiatives have been implemented, in particular: Constantia's management team has evolved (appointment of Pim Vervaat as CEO and 6 appointments in the executive committee); Stahl has extended the maturity of its debt facility and pushed back its debt maturities to 2023; CPI's integration to Wendel has continued with the improvement of its process in terms of cybersecurity, finance, accounting, compliance and ESG; Tsebo's control has been transfered in a consensual transaction; Wendel Lab's strategy has been finalized.
Implementation of initiatives for Wendel: ▪ definition of Wendel's corporate purpose and values ▪ improvement of HR and diversity policies and practices ▪ formalization of the assessment of IT and cybersecurity tools and procedures	*15%*	*100%*	Corporate purpose: Wendel's corporate purpose and values have been defined as follows: Corporate purpose: "*Work with entrepreneurial management teams to develop leaders for the long term*"; Values: "*Engagement, Excellence, Entrepreneurial spirit*". Human resources: human resources policies and practices have been improved, driven by the new HR director appointed early 2020, in particular on: diversity (3-year plan), improvement of quality of like at work, talent and culture of performance development. IT/Cybsecurity: the assessment of the IT/cyber maturity of Wendel and the portfolio companies has been done and targets have been set. All companies have followed their roadmap despite the crisis context.
ESG strategy	*27.5%*	*100%*	Wendel ESG strategy has been published in April 2020. It contains in particular key performance indicators and an action plan to assess climate risks. As regards to ESG ratings, Wendel achieved outstanding results: inclusion in DJSI World and Europe ratings, and improvement of Wendel's position within other ESG ratings. Wendel has also implemented a demanding reporting process a tthe level of the portfolio companies, thus enabling to monitor the evolution of the key performance indicators.
Monitoring and strengthening of anti-corruption procedures under the Sapin II law, and monitoring of the procedures put in place in this area by portfolio companies	*12.5%*	*100%*	Wendel: The Code of Ethics has been redisigned. Compliance processes have been digitalized to ensure a better monitoring. Several trainings on these topics have been organized for Wendel teams. Portfolio companies: For CPI, acquired late 2019, an anti-corruption program has been set. For other companies, the monitoring of Sapin II obligations have been reinforced through an increased involvement of these companies' audit committees and through exchanges with the compliance officers of each company.
TOTAL NON-FINANCIAL OBJECTIVE	**35%**	**100%**	
TOTAL	**100%**	**69.0%**	

The Supervisory Board did not apply any exemption to the compensation policy, it being reminded that said exemption would have enabled the Board to replace all or part of the non-financial objective's priorities by its assessment of quality of Covid-19 crisis management by the Executive Board. However, the Supervisory Board unanimously highlights the remarkable work of the Executive Board, which has allowed Wendel to withstand the Covid-19 crisis and to keep a sound financial condition.

The Supervisory Board held on March 17, 2021, on the advice of the Governance and Sustainability Committee, has concluded that the achievement rate of 2020 Executive Board members' objectives was 69.0%. As a result, it set the variable compensation of the Executive Board members for 2020 at 69.0% of their maximum variable compensation, *i.e.* €912,525 for André François-Poncet and €476,100 for David Darmon.

It should be noted that no variable compensation was awarded to Bernard Gautier in respect of the 2020 fiscal year.

Tables 2 under the Afep-Medef Code

The amounts "paid during 2020" correspond to the amounts actually received by each executive corporate officer. The amounts "awarded for 2020" correspond to the compensation allocated to the executive corporate officers for duties performed during 2020, regardless of the payment date. These amounts include all compensation paid by Group companies during the year.

André François-Poncet

	2020		2019	
	Amounts awarded	**Amounts paid**	**Amounts awarded**	**Amounts paid**
Total fixed compensation(1)	1,150,000	1,078,125	1,150,000	1,150,000
of which compensation from Group companies(2)	*126,000*	*126,000*	*167,000*	*175,500*
Variable compensation	912,525	1,102,965	1,102,965	1,085,773
Other compensation(3)	134,924	36,317	210,651	5,808
Benefits of all kinds(4)	13,217	13,217	122,760	13,020
TOTAL	**2,210,666**	**2,230,624**	**2,586,376**	**2,254,601**

(1)(2) Fixed compensation: The difference between the amount awarded and the amount paid corresponds to the voluntary waiver made by André François-Poncet, in the context of the Covid-19 crisis, of 25% of his fixed compensation over a period of three months during the year (this sum has been allocated to Wendel's endowment fund to finance philanthropic causes). With regard to the compensation of Group companies, André François-Poncet received compensation from Bureau Veritas, Trief Corporation SA and Winvest Conseil SA.

(3) Other compensation: André François-Poncet benefits from the agreements in force at Wendel, including the Group profit sharing and savings plans, in the same manner as any Wendel employee. In view of the progression in NAV in 2019, he received in 2020 profit sharing in an amount of €30,393 for 2019. In addition, as part of his subscription to the capital increase reserved for members of the Group savings plan, and in accordance with the applicable legal provisions, he benefited in 2020 from the company matching contribution of €5,924 and a discount of 30% on the price of the subscribed shares representing a value of €129,000.

(4) Benefits of all kinds: André François-Poncet benefited from unemployment insurance taken out with the GSC (social guarantee for business leaders), amounting to €13,217 for 2020.

André François-Poncet also receives health, death & disability insurance under the same terms and conditions as Wendel management employees.

David Darmon

	2020		2019[1]	
	Amounts awarded	**Amounts paid**	**Amounts awarded**	**Amounts paid**
Total fixed compensation[2]	600,000	562,500,	188,095	188,095
of which compensation from Group companies	-	-	-	-
Variable compensation	476,100	180,402	180,402	-
Other compensation[3]	33,663	15,370	9,446	-
Benefits of all kinds[4]	526,260	526,260	503,131	319,316
TOTAL	**1,636,023**	**1,284,532**	**881,074**	**507,411**

(1) *Amounts mentioned in these columns are compensation awarded or paid to David Darmon as member of the Executive Board as from September 9, 2019.*
(2) *Fixed compensation: The difference between the amount awarded and the amount paid corresponds to the voluntary waiver made by David Darmon, in the context of the Covid-19 crisis, of 25% of his fixed compensation over a period of three months during the year (this sum has been allocated to Wendel's endowment fund to finance philanthropic causes). It is specified that until the expiration of his US employment contract on July 31, 2020, the fixed compensation of the member of the Executive Board was paid in the United States in US dollars, based on an exchange rate of $1.10 for €1.00.*
(3) *Other compensation: David Darmon benefits from the agreements in force at Wendel, including the Group profit sharing and savings plans, in the same manner as any Wendel employee. Given the progression in NAV in 2019, he received in 2020 profit sharing in an amount of €9,446 for 2019 (amount prorated over the period from September 9 to December 31, 2019). In addition, as part of his subscription to the capital increase reserved for members of the Group savings plan, and in accordance with the applicable legal provisions, he benefited in 2020 from the company matching contribution of €5,924 and a discount of 30% on the price of the subscribed shares representing a value of €27,739.*
(4) *Benefits of all kinds: David Darmon benefited from unemployment insurance taken out with the GSC (social guarantee for business leaders), amounting to €13,217 for 2020. In connection with his transitional residency status in the United States until July 31, 2020, benefits were granted to David Darmon in the amount of $564,347 or €513,043 (amount to offset the additional costs related to his residence in the United States and defrayal of various expenses by the Company).*

David Darmon also receives health, death & disability insurance under the same terms and conditions as Wendel management employees.

Bernard Gautier

The compensation paid to Bernard Gautier was entirely derived from his employment contract. His term of office as a member of the Executive Board ended on September 9, 2019 and his employment contract expired on March 10, 2020, at the end of a six-month notice period that began on September 11, 2019.

	2020		2019	
	Amounts awarded	**Amounts paid**	**Amounts awarded**	**Amounts paid**
Total fixed compensation	162,273	162,273	840,000	840,000
of which compensation from Group companies	-	-	*75,000*	*75,000*
Variable compensation	-	805,644	805,644	793,086
Other compensation[1]	-	30,393	147,355	12,292
Benefit of all kinds	-	-	-	-
TOTAL	**162,273**	**998,310**	**1,792,999**	**1,645,378**

(1) *Bernard Gautier benefitted from the agreements in force at Wendel, including the Group profit sharing and savings plans, in the same manner as any Wendel employee. Given the progression in NAV in 2019, he received in 2020 profit sharing in an amount of €30,393 for 2019.*

Subscription-type and purchase-type stock options granted to executive corporate officers for 2020 or exercised during 2020

1. **Options granted in 2020**

Executive Board members were granted subscription stock options in 2020 of an amount determined by the Supervisory Board, on the recommendation of the Governance and Sustainability Committee, and within the limits set by shareholders at their Shareholders' Meeting. This grant is presented in the table below.

The exercise price for the stock options was based on the average of the share price in the 20 trading days preceding the grant date, with no discount.

These stock options are subject to the following conditions:

- presence condition: the exercise of the options is subject to a presence condition of two indivisible years; the presence condition may be waived by the Supervisory Board under exceptional circumstances;
- performance condition, assessed over a period of three years: the number of options that may be exercised is linked to the level of the ordinary dividend (excluding any exceptional dividend), the ordinary dividend paid each year must be greater than or equal to the dividend paid the previous year, the growth of the ordinary dividend paid from one year to the next being verified after a period of three years;
- holding condition: the members of the Executive Board must retain at least 500 shares resulting from the exercise of the options of the 2020 plan.

Table 4 under the Afep-Medef Code – Subscription-type or purchase-type stock options granted for 2020

	Plan No. and date	Type of option (purchase or subscription)	Option valuation according to the method used for the consolidated financial statements	Number of options granted during the year	Strike price	Exercise period	Performance conditions
André François-Poncet	Plan W-13	Subscription	€18.3	22,341	€82.05	2023/2030	
	Date: 08/05/2020						See above
David Darmon	Plan W-13	Subscription	€18.3	20,625	€82.05	2023/2030	
	Date: 08/05/2020						See above
TOTAL				**42,966**			

Options were valued by an independent expert using a Monte Carlo mathematical pricing model. The model takes into account various events that might take place while the options are valid, including various points in time at which the pre-determined requirements for both performance and presence within the Company are tested. Based on this model, each stock option was worth €18.3 as of the grant date (August 5, 2020), as indicated in the table above. This value reflects the particularly restrictive scheme that ensures alignment of the Executive Board's interests with the Company's objectives. On the other hand, this valuation does not reflect the blackout periods or other periods during which possession of inside information would prevent the beneficiaries from exercising their options and selling the corresponding shares. These factors should reduce the value of these options. In any event, this value is theoretical: the Company has paid no cash amount to the beneficiaries with regard to these shares.

The value of the stock options granted to André François-Poncet and David Darmon in 2020 represents respectively 16.5% and 29.3% of the sum of fixed and maximum variable compensation as provided for by the 2020 compensation policy.

A total of 116,600 stock options were granted in 2020 to the 10 non-corporate-officer employees who received the highest number of stock options that year.

2. **Options for which the performance conditions were met in 2020**

Options granted on July 6, 2018:

The performance condition required the payment of an ordinary dividend greater than or equal to the one of the previous year:

- the first half of the options became exercisable on July 8, 2019 as the performance condition was satisfied: the ordinary dividend paid in 2019 (€2.80) was greater than the ordinary dividend paid in 2018 (€2.65);
- the second half of the options became exercisable on July 6, 2020 as the performance condition was satisfied: the ordinary dividend paid in 2020 (€2.80) was equal to the ordinary dividend paid in 2019 (€2.80).

3. Options exercised in 2020

Table 5 under the Afep-Medef Code – Subscription-type or purchase-type stock-options exercised in 2020

	Plan No. and date	Type of option (purchase or subscription)	Number of options exercised during the year	Strike price
David Darmon	Plan W-3	Purchase	18,000	€44.32
	Date: 06/04/2010			

4. Previous option grants

Table 8 under the Afep-Medef Code – Summary of all stock subscription or purchase option plans to date

It should be noted that the plans whose options have expired are not presented in the table below.

	PLAN 4	PLAN 5	PLAN 6	PLAN 7	PLAN 8	PLAN 9	PLAN 10	PLAN 11	PLAN 12	PLAN 13
Date of the Shareholders' Meeting	05/30/11	06/04/12	05/28/13	06/06/14	06/05/15	06/01/16	05/18/17	05/17/18	05/16/19	07/02/20
Plans	W-4	W-5	W-6	W-7	W-8	W-9	W-10	W-11	W-12	W-13
Date of grant	07/07/11	07/05/12	07/01/13	07/08/14	07/15/15	07/07/16	07/07/17	07/06/18	07/08/19	08/05/20
Type of option	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Purchase	Subscription
Initial total number of shares that can be subscribed or purchased	**404,400**	**227,270**	**252,182**	**231,834**	**268,314**	**68,814**	**235,895**	**152,744**	**145,944**	**270,342**
of which:										
Number initially granted to corporate officers:										
André François-Poncet	-	-	-	-	-	-	-	23,140	22,579	22,341
Frédéric Lemoine	96,000	54,542	53,518	52,632	51,747	0	50,952	-	-	-
Bernard Gautier	64,000	36,361	35,677	35,088	34,500	0	33,968	33,784	32,965	-
David Darmon	-	-	-	-	-	-	-	-	-	20,625
Start date for exercise of options	07/07/12	07/05/13	07/01/14	08/07/15	07/15/16	07/07/17	07/09/18	08/07/19	08/07/22	08/05/23
Option expiration date	07/07/21	07/05/22	07/01/23	07/08/24	07/15/25	07/06/26	07/06/27	07/05/28	07/08/29	08/02/30
Subscription or purchase price per share	€80.91	€54.93	€82.90	€107.30	€112.39	€94.38	€134.43	€120.61	€119.72	€82.05
Discount	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Performance conditions(1)	for all	for all	for all	for all	for all	for all	for all	for all	for all	for all
Cumulative number of shares subscribed or purchased as of Dec. 31, 2020	**343,154**	**204,319**	**195,574**	**0**	**131,934**	**22,605**	**0**	**4,250**	**8,500**	**0**
Cumulative number of canceled or expired options	**9,350**	**500**	**0**	**231,834**	**16,005**	**5,565**	**144,279**	**26,002**	**32,965**	**0**
Number of options remaining to be exercised at December 31, 2020(2)	**51,896**	**22,451**	**56,608**	**0**	**120,375**	**40,644**	**91,616**	**122,492**	**104,479**	**270,342**
BALANCE OF OPTIONS REMAINING TO BE EXERCISED BY CORPORATE OFFICERS(2):										
André François-Poncet	-	-	-	-	-	-	-	23,140	22,579	22,341
Bernard Gautier	0	0	8,911	0	34,500	-	16,984	16,892	0	-
David Darmon	-	-	-	-	-	-	-	-	-	20,625

(1) The performance conditions applicable to executive corporate officers are described in the Registration Document for the year in which options were granted.
(2) Maximum number subject to fulfillment of performance conditions.

Over the last five years, employees of Wendel and its foreign offices have been granted options, regardless of the beneficiaries' gender, in the following proportions:

- 2020: 80% of workforce, including 55% of women, at the grant date;
- 2019: 28% of workforce, including 26% of women, at the grant date (options granted only to Executive Board n-1 and top managers);
- 2018: 33% of workforce, including 35% of women, at the grant date (options granted only to Executive Board n-1 and top managers);
- 2017: 84% of workforce, including 51% of women, at the grant date;
- 2016: 35% of workforce, including 41% of women, at the grant date (options granted only to foreign employees).

Table describing the performance conditions applicable to options not yet exercisable by corporate officers

As requested by the AMF in its 2020 report on corporate governance and executive compensation in listed companies, a new table is presented below detailing the performance conditions applicable to options not yet exercisable by corporate officers:

	PLAN 12	PLAN 13
OPTIONS NOT YET EXERCISABLE BY CORPORATE OFFICERS:		
André François-Poncet	22,579	22,341
David Darmon	-	20,625
PERFORMANCE CONDITIONS		
Start date of the option exercise period	07/08/22	08/05/23
Duration of the condition	3 years	3 years
Nature of the condition	The ordinary dividend paid each year from 2020 must be greater than or equal to the ordinary dividend paid the previous year	The ordinary dividend paid each year from 2021 must be greater than or equal to the ordinary dividend paid the previous year
Achievement of the condition	Precision: the ordinary dividend paid upon the Shareholders' Meeting of May 16, 2019 is of €2.80 per share Achievement: condition satisfied for the first year (dividend paid in 2020 equal to that paid in 2019)	Precision: the ordinary dividend paid upon the Shareholders' Meeting of July 2, 2020 is of €2.80 per share Achievement: not yet known

Performance shares that were granted to executive corporate officers for 2020 or became available in 2020

1. Performance shares granted in 2020

Executive Board members were granted performance shares in 2020 of an amount determined by the Supervisory Board, on the recommendation of the Governance and Sustainability Committee, and within the limits set by shareholders at their Annual Meeting. This grant is presented in the table below.

These performance shares are subject to the following conditions:

- presence condition: the allocation of the performance shares is subject to a presence condition of two years; the presence condition may be waived by the Supervisory Board under exceptional circumstances;

- three performance conditions, assessed over a three-year period:
  - the first condition measures the absolute performance of Wendel's annualized TSR over three years; if the performance is over 9%, the condition is 100% met; if this TSR is less than 5%, the condition is not met. Between these two limits, the performance condition is evaluated on a linear basis;
  - the second condition measures the relative performance of Wendel's cumulative TSR (non-annualized) over three years with the performance of the SBF 120 TSR; if Wendel's TSR is at least 900 basis points higher than that of SBF 120, then the performance condition is fully met; if Wendel's TSR is equal to SBF 120 TSR, then the performance condition is 60% met; if Wendel's TSR is at least 300 basis points lower than that of SBF 120, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis;
  - the third condition measures the relative performance of Wendel's TSR over three years with the TSR of a basket of comparable listed investment and holding companies. If Wendel's TSR is in the top decile, then the performance condition is fully met; if Wendel's TSR is equal to the upper limit of the lowest decile, then the performance condition is 20% met; if Wendel's TSR is in the lowest decile, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis;
- holding condition: the members of the Executive Board must retain at least 500 shares of the 2020 plan.

Table 6 under the Afep-Medef Code – Performance shares granted for 2020

	Plan No. and date	Number of performance shares granted during the year	Performance share valuation according to the method used for the consolidated financial statements	Vesting date	Availability date	Performance conditions
	Plan 12-1	35,745	€49.2	08/05/2023	08/05/2023	
André François-Poncet	Date: 08/05/2020					See above
	Plan 12-1	6,875	€49.2	08/05/2023	08/05/2023	
David Darmon	Date: 08/05/2020					See above
TOTAL		**42,620**				

Performance shares were valued by an independent expert using a Monte Carlo mathematical pricing model. The model takes into account various events that might take place while the performance shares are valid, including various points in time at which the pre-determined requirements for both performance and presence within the Company are tested. Based on this model, each performance share was worth €49.2 as of the grant date (August 5, 2020), as indicated in the table above. This value reflects the particularly restrictive scheme that ensures alignment of the Executive Board's interests with the Company's objectives. In any event, this value is theoretical: the Company has paid no cash amount to the beneficiaries with regard to these shares.

The value of the performance shares awarded to André François-Poncet and David Darmon in 2020 represents respectively 71.1% and 26.2% of the sum of fixed and maximum variable compensation as provided for by the 2020 compensation policy.

The 10 non-corporate officer employees to whom the largest number of performance shares were granted in 2020 were allocated a total of 47,960 shares (it being specified that in 2020, there were two separate allocation plans, and the number of 47,960 corresponds to the cumulative total of shares allocated under both plans).

2. Performance shares for which the performance conditions were met in 2020

No performance share plan currently in force provided for the expiration of the performance period (vesting period) during the course of 2020. Therefore, no performance shares allocated to the Executive Board had its performance condition achieved in 2020.

3. Performance shares that became available in 2020

Table 7 under the Afep-Medef Code – Performance shares that became available in 2020

No performance shares became available in 2020. Accordingly, Table 7 of the Afep-Medef Code is not applicable.

4. Previous performance share grants

Table 9 under the Afep-Medef Code – Summary of all performance share grants to date

Situation as of 12/31/20	Plan 5-1	Plan 6-1	Plan 7-1	Plan 8-1	Plan 9-1	Plan 10-1	Plan 11-1	Plan 11-2	Plan 12-1	Plan 12-2
Date of Shareholders' Meeting	05/28/13	06/06/14	06/05/15	06/01/16	05/18/17	05/17/18	05/16/19		07/02/20	
No. of authorized shares as% of capital	0.3%	0.3%	0.3333%	0.3333%	0.3333%	0.5%	0.5%		0.5%	
Share grants as% of capital	0.13%	0.14%	0.147%	0.286%	0.167%	0.283%	0.203%	0.138%	0.189%	0.123%
Date of grant	07/01/13	07/08/14	07/15/15	07/07/16	07/07/17	07/06/18	07/08/19		08/05/20	
Number of performance shares granted	**64,595**	**68,928**	**70,268**	**137,122**	**78,632**	**130,860**	**91,833**	**62,480**	**84,341**	**55,036**
of which, shares granted to corporate officers:										
André François-Poncet	-	-	-	-	-	37,023	36,126	0	35,745	0
Frédéric Lemoine	17,838	17,544	17,249	34,572	16,984	-	-	-	-	-
Bernard Gautier	11,892	11,696	11,500	23,048	11,323	11,107	10,837	0	-	-
David Darmon	-	-	-	-	-	-	-	-	6,875	0
Shares to be issued/existing shares	existing	existing	existing	existing	existing	existing	existing	existing	existing	existing
Vesting date	07/01/15	07/08/16	07/17/17	07/09/18	07/08/19	07/06/21	07/08/22	07/10/23	08/05/23	08/05/24
End of holding period	07/01/17	07/08/18	7/15/19	07/09/18	07/08/19	07/06/21	07/08/22	07/10/23	08/05/23	08/05/24
Performance conditions(1)	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Share value at grant date	€82.90	€107.30	€112.39	€94.38	€134.43	€120.61	€119.72	€119.72	€82.05	€82.05
Share value at vesting date	€111.00	-	€127.95	€120.00	€120.90	-	-	-	-	-
Number of shares vested	**64,595**	**0**	**65,363**	**131,917**	**30,064**	**0**	**0**	**0**	**0**	**0**
Cumulative number of canceled or expired shares	**0**	**68,928**	**4,905**	**5,205**	**48,568**	**24,547**	**14,447**	**1,340**	**0**	**83**
Number of shares not yet vested(2)	**0**	**0**	**0**	**0**	**0**	**106,913**	**77,386**	**61,140**	**84,341**	**54,953**
Remaining shares to be vested by the corporate officers(2):										
André François-Poncet	-	-	-	-	-	37,023	36,126	0	35,745	0
Bernard Gautier	0	0	0	0	0	11,107	0(3)	0	-	-
David Darmon	-	-	-	-	-	-	-	-	6,875	0

(1) The performance conditions applicable to corporate officers are described in the Registration Document for the year in which performance shares were granted.
(2) Maximum number subject to fulfillment of performance conditions.
(3) The performance shares granted to Bernard Gautier in 2019 are lost because the termination of its duties occurred before the expiry of the presence condition applicable to the performance shares granted in 2019.

Over the last five years, employees of Wendel and its foreign offices have been granted free shares, regardless of the beneficiaries' gender, in the following proportions:

- 2020: 80% of workforce, including 55% of women, at the grant date;
- 2019: 88% of workforce, including 51% of women, at the grant date;
- 2018: 85% of workforce, including 53% of women, at the grant date;
- 2017: 84% of workforce, including 51% of women, at the grant date;
- 2016: 80% of workforce, including 50% of women, at the grant date.

Table describing the performance conditions applicable to performance shares not yet vested by corporate officers

In accordance with the AMF's request expressed in its 2020 report on corporate governance and executive compensation in listed companies, a new table is presented below detailing the performance conditions applicable to performance shares not yet vested by corporate officers:

	PLAN 10-1	PLAN 11-1	PLAN 12-1
SHARES NOT YET VESTED BY CORPORATE OFFICERS:			
André François-Poncet	37,023	36,126	35,745
Bernard Gautier	11,107	0	-
David Darmon	-	-	6,875
PERFORMANCE CONDITIONS			
Share vesting date	07/06/21	07/08/22	08/05/23
Duration of the condition	3 years	3 years	3 years
Nature of the condition	Each of the following conditions applies to one-third of the total number of shares granted under each plan: 1. Absolute performance of Wendel's annualized TSR; if the performance is over 9%, the condition is 100% met; if this TSR is less than 5%, the condition is not met. Between these two limits, the performance condition is evaluated on a linear basis. 2. Relative performance of Wendel's cumulative TSR (non-annualized) over three years compared to that of the SBF 120; if Wendel's TSR is 900 basis point higher than the SBF 120 TSR, the condition is 100% satisfied; if Wendel's TSR is equal to the SBF 120 TSR, the performance condition is satisfied at 60%; if Wendel's TSR is 300 basis point lower than that of the SBF 120, the condition is not met; between these limits, the allocation is linear. 3. Relative performance of Wendel's TSR with the TSR of a basket of comparable listed investment and holding companies. If Wendel's TSR is in the top decile, then the performance condition is fully met; if Wendel's TSR is equal to the upper limit of the lowest decile, then the performance condition is 20% met; if Wendel's TSR is in the lowest decile, then the performance condition is not met; between these limits, the allocation is linear.		
Achievement of the condition	Not yet known.		

Multi-year variable compensation

Table 10 under the Afep-Medef Code - Summary table of the multi-year variable compensation of each executive corporate officer

Corporate officers do not receive any multi-year variable compensation. Accordingly, Table 10 under the Afep-Medef Code is not applicable.

Executive corporate officers' situation with respect to Afep-Medef recommendations

The situation of executive corporate officers complies in every respect with Afep-Medef recommendations.

Table 11 under the Afep-Medef Code

	Employment contract		Supplementary pension plan		Payments or benefits due or likely to be due upon departure or a change in responsibility		Non-compete clause payments	
Executive corporate officers	Yes	No	Yes	No	Yes	No	Yes	No
André François-Poncet Chairman of the Executive Board (January 1, 2018 – April 6, 2025)		X		X	X			X
David Darmon Member of the Executive Board (September 9, 2019 – April 6, 2025)	X			X	X			X

Employment contract

Bernard Gautier's employment contract ended on March 10, 2020, at the end of a six-month notice period that began on September 11, 2019. For David Darmon's employment contract, see section 2.2.1.2 "Compensation policy for Executive Board members."

Termination benefits

See sections 2.2.1.2 "Compensation policy for Executive Board members" and 2.2.2.4 "Termination benefits."

Compensation received by the members of the Supervisory Board

Since 2017, the annual amount of compensation paid to Supervisory Board members is capped to €900,000. Since 2019, this compensation includes a variable portion based on attendance. For 2020, the amount of compensation was as follows:

- ordinary compensation (for all Board members except Chairman):
  - fixed ordinary compensation: €25,000,
  - variable ordinary compensation: €3,000 per scheduled meeting;
- additional compensation for Committee membership (for all Committee members other than Chair):
  - fixed compensation for Committee membership: €10,000,
  - variable compensation for committee membership: €1,700 per scheduled meeting;
- compensation for chairing a Committee:
  - fixed compensation: €25,000,
  - variable compensation: €3,400 per scheduled meeting;
- compensation for the Chairman of the Supervisory Board:
  - fixed compensation: €52,000,
  - variable compensation: €6,000 per scheduled meeting;
- annual compensation of €250,000 for the Chairman of the Supervisory Board and annual compensation of €25,000 for the Lead independent member of the Supervisory Board for his specific mission.

As a sign of solidarity in the framework of the Covid-19 crisis, the members of the Supervisory Board waived 25% of their fixed and variable compensation over a period of three months in 2020, *i.e.* a total amount of €56,075. These sums have been allocated to Wendel's endowment fund to finance philanthropic causes.

Members of the Board may be reimbursed for their travel expenses. The expense reimbursement policy for Supervisory Board members was approved by the Supervisory Board, on the recommendation of the Governance and Sustainability Committee.

The compensation received by the non-executive corporate officers in relation to their positions at Wendel and all companies in the Group are presented in the following table.

Table 3 under the Afep-Medef Code

The amounts awarded correspond to the amounts paid, as there is no lag between the granting and payment of compensation to Supervisory Board members.

Non-executive corporate officers	Amounts paid in 2020	Amounts paid in 2019
NICOLAS VER HULST – CHAIRMAN		
Compensation for term of office	93,750	100,000
Compensation for Wendel-Participations term of office	10,000	10,000
Compensation as Chairman of the Supervisory Board	250,000	250,000
Total	**353,750**	**360,000**
FRANCA BERTAGNIN BENETTON		
Compensation for term of office	66,363	71,000
BÉNÉDICTE COSTE		
Compensation for term of office	66,363	69,000
Compensation for Wendel-Participations term of office	10,000	10,000
Total	**76,363**	**79,000**
ÉDOUARD DE L'ESPÉE		
Compensation for term of office	64,875	69,000
Compensation for Wendel-Participations term of office	10,000	10,000
Total	**74,875**	**79,000**
NICHOLAS FERGUSON		
Compensation for term of office	64,875	69,000
PRISCILLA DE MOUSTIER		
Compensation for term of office	64,875	69,000
Compensation for Wendel-Participations term of office	10,000	10,000
Compensation as Chairwoman and CEO of Wendel-Participations	30,000	30,000
Total	**104,875**	**109,000**
GERVAIS PELLISSIER		
Compensation for term of office	62,038	69,000
Compensation of lead independent member of the Supervisory Board	25,000	25,000
Total	**87,038**	**94,000**
GUYLAINE SAUCIER		
Compensation for term of office	110,413	118,000
JACQUELINE TAMMENOMS BAKKER		
Compensation for term of office	107,438	114,000
SOPHIE TOMASI PARISE[(1)]		
Compensation for term of office	-	-
THOMAS DE VILLENEUVE		
Compensation for term of office	34,600	-
Compensation for Wendel-Participations term of office	10,000	-
Total	**44,600**	**-**
FRANÇOIS DE WENDEL		
Compensation for term of office (until July 2, 2020)	30,275	69,000
Compensation for Wendel-Participations term of office	5,000	10,000
Total	**35,275**	**79,000**
HUMBERT DE WENDEL		
Compensation for term of office	66,363	69,000
Compensation for Wendel-Participations term of office	10,000	10,000
Total	**76,363**	**79,000**
TOTAL	**1,202,228**	**1,251,000**
Of which total Wendel compensation and specific compensation of the Supervisory Board Chairman and Lead member	1,107,228	1,161,000

(1) *In her capacity as member of the Supervisory Board representing employees, Sophie Tomasi Parise does not receive any compensation for her duties as a member of the Supervisory Board, and the table above does not include the compensation paid to her by the Company under her employment contract.*

2.2.2.3 Clawback clause

Neither the compensation policy for the members of the Executive Board nor the compensation policy for the members of the Supervisory Board provided for the possibility of requesting the return of variable compensation (clawback clauses).

2.2.2.4 Termination benefits

The terms of the termination benefits that may be paid to André François-Poncet and David Darmon are described in section 2.2.1.2 "Compensation policy for Executive Board members."

In connection with the end of his term of office and his employment contract, Bernard Gautier received a legal severance payment of €908,992 at the end of a 6-month notice period that began on September 11, 2019. This amount was deducted from the total termination benefits of €3,474,666 allocated to him and partially paid in 2019.

The details of Bernard Gautier's termination benefits and the conditions attached to its payment are provided in section 2.2.2.3 "Termination benefits" of the 2019 Universal Registration Document and was approved by Wendel's shareholders at the Shareholders' Meeting of July 2, 2020 under Resolution No. 12.

2.2.2.5 Compensation paid or awarded by a company in the scope of consolidation

The compensation paid or granted by the companies included in the scope of consolidation is presented in the following tables:

- for members of the Executive Board: Tables 1 and 2 under the Afep-Medef Code;
- for Supervisory Board members: Table 3 under the Afep-Medef Code.

This is solely about compensation granted or paid for corporate offices held in companies included in the Company's scope of consolidation.

2.2.2.6 Table for monitoring changes in Wendel's compensation ratios and performance

In accordance with Article L. 22-10-9 I, paragraphs 6 and 7 of the French Commercial Code, the following are presented for the Chairman of the Executive Board, the member of the Executive Board and the Chairman of the Supervisory Board:

- the ratios between the level of compensation of each of these senior executives and, on the one hand, the compensation average on a full-time equivalent basis for the Company's employees (excluding such senior executives), and on the other hand, the median compensation on a full-time equivalent basis for Company's employees (excluding such senior executives);
- the annual evolution in the compensation of each of these senior executives, the average compensation on a full-time equivalent basis for the Company's employees (excluding such senior executives) above-mentioned ratios, and the Company's performance over the last five fiscal years.

The amounts indicated were calculated in accordance with the methodology set out below. The Company referred to the guidelines published by Afep to define the methodology used to calculate the ratios described below, as updated in February 2021. In particular, the monitoring table is in line with the one proposed by Afep.

Methodology:

Numerator (senior executives) and denominator (employees)	Description
Compensation and benefits of all kinds paid or granted in 2020	■ Fixed compensation paid in 2020 ■ Variable compensation paid in 2020 for 2019 ■ Exceptional compensation paid in 2020 ■ Stock subscription or purchase options granted in 2020(1) ■ Performance shares granted in 2020(1) ■ Employee savings (profit-sharing, PEG and PERCO contributions) paid in 2020 ■ Benefits of all kinds paid in 2020 ■ For the Chairman of the Supervisory Board (numerator): fixed and variable compensation for its Wendel term of office

(1) The valuation of the options and performance shares was established by an independent expert, at the date of their grant, and is based on a Monte-Carlo valuation model.

In accordance with Afep guidelines, non-recurring compensation items were excluded from calculations to avoid distortion of the comparability of ratios. The following items are excluded: termination benefits, non-compete payments and supplementary pension plans.

The scope taken into consideration for employees is the Wendel SE workforce in France. This approach was favored given the nature of Wendel's investment company, which acquires and holds operating subsidiaries with diversified and unrelated activities, but does not constitute a centralized industrial or services Group.

Any employee who joined or left during the year was excluded from the calculations. In the event of a seamless replacement, the compensation for each of the employees (the departing employee and the replacement) for their period of work was taken into account and counted as one position (not two employees). If there was an interruption during a replacement, between the end of the first contract and the beginning of the new contract, those two employees were considered arrivals and departures during the year and not taken into account.

For the Chairman of the Executive Board, the member of the Executive Board and the Chairman of the Supervisory Board:

- in the event of termination of office during the year, the ratio was calculated by taking into account the cumulative compensation paid to the departing and incoming corporate officers, pro rata the respective length of their terms of office (ratio expressed according to position and not individually);
- for the Chairman and the member of the Executive Board, the amount of compensation indicated below corresponds to the sum of (i) the total "amounts paid" for the last fiscal year presented in Table 2 under the Afep-Medef Code (net of non-recurring items, *i.e.* benefits of David Darmon as residing in the United States) and (ii) the valuation of the options and performance shares indicated in Table 1 under the Afep-Medef Code;
- for the Chairman of the Supervisory Board, the amount of compensation indicated below corresponds to the sum of (i) the compensation of Wendel and (ii) the compensation of the Chairman of the Board, indicated in Table 3 under the Afep-Medef Code.

Table for monitoring changes in Wendel's compensation ratios and performance

	2016	2017	2018	2019	2020
COMPENSATION AND RATIOS					
Average compensation of employees (excluding senior executives)	205,948	250,664	245,083	290,463	321,984
Change/n-1	-	*+21.7%*	*-2.2%*	*+18.5%*	*+10.9%*
Median compensation of employees (excluding senior executives)	105,852	126,800	121,938	145,150	131,070
Change/n-1	-	*+19.8%*	*-3.8%*	*+19.0%*	*-9.7%*
Chairman of the Executive Board (A)					
Compensation of the Chairman of the Executive Board	3,994,940	4,645,427	4,731,811	5,597,164	4,398,118
Change/n-1	-	*+16.3%*	*+1.9%*	*+18.3%*	*-21.4%*
Compared to average employee compensation	19.40	18.53	19.31	19.27	13.66
Change/n-1	-	*-4.5%*	*+4.2%*	*-0.2%*	*-29.1%*
Compared to median employee compensation	37.74	36.64	38.80	38.56	33.56
Change/n-1	-	*-2.9%*	*+5.9%*	*-0.6%*	*-13.0%*
Member of the Executive Board (B)					
Compensation of the Executive Board member	2,663,208	3,091,245	2,893,506	3,337,411	1,487,176
Change/n-1	-	*+16.1%*	*-6.4%*	*+15.3%*	*-55.4%*
Compared to average employee compensation	12.93	12.33	11.81	11.49	4.62
Change/n-1	-	*-4.6%*	*-4.2%*	*-2.7%*	*-59.8%*
Compared to median employee compensation	25.16	24.38	23.73	22.99	11.35
Change/n-1	-	*-3.1%*	*-2.7%*	*-3.1%*	*-50.6%*
Chairman of the Supervisory Board (C)					
Compensation as Chairman of the Supervisory Board	140,000	147,000	274,998	350,000	343,750
Change/n-1	-	*+5.0%*	*+87.1%*	*+23.7%*	*-1.8%*
Compared to average employee compensation	0.68	0.59	1.12	1.20	1.07
Change/n-1	-	*-13.2%*	*+89.8%*	*+7.1%*	*-10.8%*
Compared to median employee compensation	1.32	1.16	2.26	2.41	2.62
Change/n-1	-	*-12.1%*	*+94.8%*	*+6.6%*	*+8.7%*
PERFORMANCE					
NAV per share at December 31	153.9	176.4	147.4	166.3	159.1
Change/n-1	-	*+14.6%*	*-16.4%*	*+12.8%*	*-4.3%*

(A) Chairman of the Executive Board during the period: Frédéric Lemoine (April 2009 - Dec. 2017), André François -Poncet (since Jan. 2018).
(B) Member of the Executive Board during the period: Bernard Gautier (May 2005 - Sept. 2019), David Darmon (since Sept. 2019).
(C) Chairman of the Supervisory Board during the period: François de Wendel (March 2013-May 2018), Nicolas ver Hulst (since May 2018).

2.2.3 Breakdown of compensation paid in 2020 or awarded for 2020 to Executive Board members and the Chairman of the Supervisory Board, submitted to a shareholder vote

In accordance with Article L. 22-10-34, II of the French Commercial Code, the following elements of the compensation paid or granted to Executive Board members and to the Chairman of the Supervisory Board for 2020 must be submitted to a vote of shareholders:

- fixed compensation;
- variable compensation for the year, including any multi-year variable portion, together with the objectives contributing to the determination of that variable compensation;
- exceptional compensation;
- stock options, performance shares, and any other form of long-term compensation;
- welcome bonuses and termination benefits;
- supplementary pension plans;
- any other benefits.

It is proposed that the Shareholders' Meeting of July 29, 2021 vote on the elements of compensation paid in 2020 or awarded for 2020 to André François-Poncet, David Darmon, Bernard Gautier and Nicolas ver Hulst in respect of their terms of office. This will be covered in Resolutions No. 14, 15, 16 and 17 of the Shareholders' Meeting (see section 9.5).

Breakdown of compensation paid in 2020 or awarded for 2020 to André François-Poncet, Chairman of the Executive Board, to be submitted to a shareholder vote

Resolution No. 14

Form of compensation	Amounts	Comments
Gross fixed compensation	€1,150,000 (awarded)	Fixed compensation awarded for 2020: The fixed compensation was approved by the Supervisory Board on November 16, 2017 in the amount of €1,150,000. It is paid partly in the form of compensation paid or granted for corporate offices held in companies included in the Company's scope of consolidation (in this regard, €126,000 was paid for 2020).
	€1,078,125 (paid)	Fixed compensation paid in 2020: As a sign of solidarity in the framework of the Covid-19 crisis, André François-Poncet waived 25% of his fixed compensation over three months, *i.e.* €71,875. This sum has been allocated to Wendel's endowment fund to finance philanthropic causes.
Gross annual variable compensation	€912,525 (awarded)	Annual variable compensation awarded for 2020: If all the financial (65%) and non-financial (35%) objectives were achieved, the variable compensation could have amounted up to 115% of fixed compensation. The financial objectives were: performance of Bureau Veritas; development of unlisted companies in the portfolio; and debt level. The non-financial objectives were as follows: objectives related to the portfolio companies (non-financial objectives related to the payment of the variable compensation of the Chief Executive Officer of Bureau Veritas, and targeted initiatives for the other companies in the portfolio), the implementation of initiatives at the level of Wendel (the definition of its corporate purpose and its values, the improvement of policies and practices with regard to human resources and diversity, the assessment of the IT and cybersecurity maturity of the Group), the ESG strategy (formalization of a ESG policy that includes climate impact, improvement of Wendel's non-financial ratings and monitoring of the non-financial performance indicators of the companies in the portfolio), the monitoring and strengthening of anti-corruption procedures, and the monitoring of the procedures put in place in this area by the portfolio companies. For detailed information on the achievement of these various objectives, see section 2.2.2.2 "Total compensation and any other benefits," paragraph "Summary of each executive corporate officer's compensation." On March 17, 2021, upon the recommendation of the Governance and Sustainability Committee, the Supervisory Board set André François-Poncet's variable compensation at 69.0% of his maximum variable compensation, or €912,525. The amount of variable compensation thus determined represents 79.35% of the gross fixed compensation awarded for 2020. The payment of André François-Poncet's variable compensation is subject to the approval of the Shareholders' Meeting of July 29, 2021 (Resolution No. 14).
	€1,102,965 (paid)	Annual variable compensation paid in 2020: The gross annual variable compensation granted for 2019 was paid in 2020 following the approval of the Shareholders' Meeting of July 2, 2020 (resolution No. 11), based on an achievement level of the objectives set at 83.4% of his maximum variable compensation by the Supervisory Board of March 18, 2020.
Performance shares	35,745 performance shares valued at their grant date to €1,758,654	In accordance with the Supervisory Board's authorization of June 4, 2020 and the autorization of the Shareholders' Meeting of July 2, 2020, performance shares were granted to members of the Executive Board. The definitive acquisition of these shares is subject to presence and performance conditions. These are described below: The first condition measures the absolute performance of Wendel's annualized TSR over three years; if the performance is over 9%, the condition is 100% met; if this TSR is less than 5%, the condition is not met. Between these two limits, the performance condition is evaluated on a linear basis. The second condition measures the relative performance of Wendel's cumulative TSR (non-annualized) over three years with the performance of the SBF 120 TSR; if Wendel's TSR is 900 basis points higher than that of SBF 120, then the performance condition is fully met; if Wendel's TSR is equal to SBF 120 TSR, then the performance condition is 60% met; if Wendel's TSR is 300 basis points lower than that of SBF 120, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis. The third condition measures the relative performance of Wendel's TSR over three years with the TSR of a basket of comparable listed investment and holding companies. If Wendel's TSR is in the top decile, then the performance condition is fully met; if Wendel's TSR is equal to the upper limit of the lowest decile, then the performance condition is 20% met; if Wendel's TSR is in the lowest decile, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis. The performance shares were valued by an independent expert at €49.2 (unit value) on their allocation date.

Form of compensation	Amounts	Comments
Stock options (subscription and/or purchase)	22,341 subscription stock options valued at their grant date at €408,840	In accordance with the Supervisory Board's authorization of June 4, 2020 and the autorization of the Shareholders' Meeting of July 2, 2020, subscription stock options were granted to members of the Executive Board. The exercise of these options is subject to presence and performance conditions. The performance condition is described below: The ordinary dividend paid each year must be greater than or equal to the ordinary dividend paid the previous year, with the growth in the dividend paid from one year to the next being verified at the end of a three-year period. The options were valued by an independent expert at €18.3 (unit value) on their allocation date.
Other compensation	€134,924 (awarded)	Other compensation awarded for 2020: As part of his subscription to the capital increase reserved for members of the Group savings plan, and in accordance with the applicable legal provisions, André François-Poncet benefited from the matching contribution of €5,924 and a 30% discount on the price of the subscribed shares, representing €129,000.
	€36,317 (paid)	Other compensation paid for 2020: Included in this amount are: the amount of the matching contribution as part of the capital increase reserved for members of the Group savings plan, *i.e.* €5,924 and the profit sharing amount of €30,393 received in 2020 in respect of 2019.
Benefit of all kinds	€13,217	André François-Poncet benefited from unemployment insurance taken out with the GSC (social guarantee for Company managers), the amount for the 2020 fiscal year being €13,217.
Termination benefits	None owed or paid	The 2020 compensation policy included the following commitments: ▪ termination benefit equal to fixed monthly compensation at the time of removal times the number of months in office, limited to 24 months of fixed compensation; ▪ subject to two performance conditions: (i) the dividend paid on the profit for the year n-2 must be greater than or equal to that paid on the profit for the year n-3 and (ii) the receipt of at least 37% of variable compensation in respect of one of the two previous years. As an exception to the foregoing, in the event that Wendel-Participations loses control of Wendel: ▪ termination benefit of 36 months of fixed compensation as it stands at the time of departure; ▪ subject to the payment of a dividend for each of the years prior resignation or removal greater than or equal to the dividend paid on 2016 earnings.

André François-Poncet did not receive any of the following benefits: multi-year variable compensation, exceptional compensation, a non-compete clause payment, or a supplementary pension plan. André François-Poncet did not use the company car that may have been made available to him.

Breakdown of compensation paid in 2020 or awarded for 2020 to David Darmon, member of the Executive Board, submitted to a shareholder vote

Resolution No. 15

Form of compensation	Amounts	Comments
Gross fixed compensation	€600,000 (awarded)	Fixed compensation awarded for 2020: The fixed compensation was approved by the Supervisory Board on September 27, 2019 in the amount of €600,000.
	€562,500 (paid)	Fixed compensation paid in 2020: As a sign of solidarity in the framework of the Covid-19 crisis, David Darmon waived 25% of his fixed compensation over three months, i.e. €37,500. This sum has been allocated to Wendel's endowment fund to finance philanthropic causes.
Gross annual variable compensation	€476,100 (awarded)	Annual variable compensation awarded for 2020: If all the financial (65%) and non-financial (35%) objectives were achieved, the variable compensation could have amounted up to 115% of fixed compensation. The financial objectives were: performance of Bureau Veritas; development of unlisted companies in the portfolio; and debt level. The non-financial objectives were as follows: objectives related to the portfolio companies (non-financial objectives related to the payment of the variable compensation of the Chief Executive Officer of Bureau Veritas, and targeted initiatives for the other companies in the portfolio), the implementation of initiatives at the level of Wendel (the definition of its corporate purpose and its values, the improvement of policies and practices with regard to human resources and diversity, the assessment of the IT and cybersecurity maturity of the Group), the ESG strategy (formalization of a ESG policy that includes climate impact, improvement of Wendel's non-financial ratings and monitoring of the non-financial performance indicators of the companies in the portfolio), the monitoring and strengthening of anti-corruption procedures, and the monitoring of the procedures put in place in this area by the portfolio companies. For detailed information on the achievement of these various objectives, see section 2.2.2.2 "Total compensation and any other benefits," paragraph "Summary of each executive corporate officer's compensation." On March 17, 2021, upon the recommendation of the Governance and Sustainability Committee, the Supervisory Board set André François-Poncet's variable compensation at 69.0% of his maximum variable compensation, or €476,100. The amount of variable compensation thus determined represents 79.35% of the gross fixed compensation awarded for 2020. The payment of David Darmon's variable compensation is subject to the approval of the Shareholders' Meeting of July 29, 2021 (Resolution No. 15).
	€180,402 (paid)	Annual variable compensation paid in 2020: The gross annual variable compensation granted for 2019 was paid in 2020 following the approval of the Shareholders' Meeting of July 2, 2020 (resolution No. 13), based on an achievement level of the objectives set at 83.4% of his maximum variable compensation by the Supervisory Board of March 18, 2020.
Performance shares	6,875 performance shares valued at their grant date at €338,250	In accordance with the Supervisory Board's authorization of June 4, 2020 and the autorization of the Shareholders' Meeting of July 2, 2020, performance shares were granted to members of the Executive Board. The definitive acquisition of these shares is subject to presence and performance conditions. These are described below: The first condition measures the absolute performance of Wendel's annualized TSR over three years; if the performance is over 9%, the condition is 100% met; if this TSR is less than 5%, the condition is not met. Between these two limits, the performance condition is evaluated on a linear basis. The second condition measures the relative performance of Wendel's cumulative TSR (non-annualized) over three years with the performance of the SBF 120 TSR; if Wendel's TSR is 900 basis points higher than that of SBF 120, then the performance condition is fully met; if Wendel's TSR is equal to SBF 120 TSR, then the performance condition is 60% met; if Wendel's TSR is 300 basis points lower than that of SBF 120, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis. The third condition measures the relative performance of Wendel's TSR over three years with the TSR of a basket of comparable listed investment and holding companies. If Wendel's TSR is in the top decile, then the performance condition is fully met; if Wendel's TSR is equal to the upper limit of the lowest decile, then the performance condition is 20% met; if Wendel's TSR is in the lowest decile, then the performance condition is not met. Between these limits, the performance condition is evaluated on a linear basis. The performance shares were valued by an independent expert at €49.2 (unit value) on their allocation date.

Form of compensation	Amounts	Comments
Stock options (subscription and/or purchase)	20,625 subscription stock options valued at their grant date at €377,438	In accordance with the Supervisory Board's authorization of June 4, 2020 and the autorization of the Shareholders' Meeting of July 2, 2020, subscription stock options were granted to members of the Executive Board. The exercise of these options is subject to presence and performance conditions. The performance condition is described below: The ordinary dividend paid each year must be greater than or equal to the ordinary dividend paid the previous year, with the growth in the dividend paid from one year to the next being verified at the end of a three-year period. The options were valued by an independent expert at €18.3 (unit value) on their allocation date.
Other compensation	€33,663 (awarded)	Other compensation awarded for 2020: As part of his subscription to the capital increase reserved for members of the Group savings plan, and in accordance with the applicable legal provisions, David Darmon benefited from the matching contribution of €5,924 and a 30% discount on the price of the subscribed shares representing €27,739.
	€15,370 (paid)	Other compensation paid for 2020: Included in this amount are: the amount of the matching contribution as part of the capital increase reserved for members of the Group savings plan, i.e. €5,924 and the profit sharing amount of €9,446 received in 2020 in respect of 2019.
Benefit of all kinds	€526,260 (awarded and paid)	David Darmon benefited from unemployment insurance taken out with the GSC (social guarantee for Company managers), the amount for the 2020 fiscal year being €13,217. In connection with his transitional residency status in the United States until July 31, 2020, benefits were granted to David Darmon in the amount of $564,347 or €513,043 (amount to offset the additional costs related to his residence in the United States and defrayal of various expenses by the Company).
Termination benefits	None owed or paid	The 2020 compensation policy included the following commitments: ■ termination benefits equal to the gross monthly fixed compensation multiplied by the number of months of presence as a member of the Executive Board, such payment being capped to 18 months of fixed compensation; ■ subject to two cumulative performance conditions: (i) the receipt, for the last two years ended prior to departure, of variable compensation equal to at least 70% of the maximum variable compensation that may be awarded; and (ii) the amount of the last known ordinary dividend on the date of departure must be greater than the dividend for the previous fiscal year. Since David Darmon's employment contract governed by French law was suspended during his term of office, said contract will take effect again at the end of his term of office and may entitle him, if applicable, to statutory and contractual termination benefits. These benefits, combined with those owed for his term of office, were capped at 18 months of the average monthly fixed and variable compensation actually paid for the last year preceding the departure.

David Darmon did not receive any of the following benefits: multi-year variable compensation, exceptional compensation, a non-compete clause payment, or a supplementary pension plan.

Breakdown of compensation paid in 2020 or awarded for 2020 to Bernard Gautier, member of the Executive Board until September 9, 2019, to be submitted to a shareholder vote

Resolution No. 16

The compensation paid to Bernard Gautier was entirely derived from his employment contract.

His term of office as a member of the Executive Board ended on September 9, 2019 and his employment contract expired on March 10, 2020, at the end of a six-month notice period that began on September 11, 2019.

Form of compensation	Amounts	Comments
Gross fixed compensation	€162,273 (awarded/paid)	The annual fixed compensation of Bernard Gautier was set at €840,000. The amount of €162,273 was calculated *prorata temporis* over the period from January 1 to March 10, 2020, date of expiry of his notice.
Gross annual variable compensation	N/A (awarded)	Annual variable compensation awarded for 2020: -
	€805,644 (paid)	Annual variable compensation paid in 2020: The gross annual variable compensation granted for 2019 was paid in 2020 following the approval of the Shareholders' Meeting of July 2, 2020 (resolution No. 12), based on an achievement level of the objectives set at 83.4% of his maximum variable compensation by the Supervisory Board of March 18, 2020.
Performance shares	N/A	-
Stock options (subscription and/or purchase)	N/A	-
Other compensation	N/A (awarded)	Other compensation awarded for 2020: -
	€30,393 (paid)	Other compensation paid for 2020: Profit sharing of €30,393 in respect of 2019, received in 2020.
Benefit of all kinds	N/A	-
Termination benefits	€908,992 (paid)	In connection with the end of his term of office and his employment contract, Bernard Gautier received a legal severance payment of €908,992 at the end of the 6-month notice period that began on September 11, 2019. This amount was deducted from the total termination benefits of €3,474,666 allocated to him and partially paid in 2019. The details of this termination benefit and the conditions attached to its payment are provided in section 2.2.2.3 "Termination benefits" of the 2019 Universal Registration Document and was approved by Wendel's shareholders at the Shareholders' Meeting of July 2, 2020 under Resolution No. 12.

Bernard Gautier did not receive any other compensation in 2020.

Breakdown of compensation paid in 2020 or granted for 2020 to Nicolas ver Hulst, Chairman of the Supervisory Board, to be submitted to a shareholder vote

Resolution No. 17

Form of compensation	Amounts	Comments
Gross fixed compensation	€250,000 (awarded/paid)	The compensation for the Chairman of the Supervisory Board was fixed by the Supervisory Board on March 21, 2018 at €250,000, in line with market practices. It has not changed.
Compensation related to meetings	€93,750 (awarded/paid)	In accordance with the compensation policy for members of the Supervisory Board approved by the Shareholders' Meeting of July 2, 2020, this amount corresponds to the sum of the "fixed fee" of €52,000 and the "variable fee" of €6,000 per scheduled meeting, less the sum of €6,250 which Nicolas ver Hulst waived as a sign of solidarity in the framework of the Covid-19 crisis (this amount represents 25% of his fixed and variable compensation, over a period of three months). This sum has been allocated to Wendel's endowment fund to finance philanthropic causes.

Nicolas ver Hulst did not receive any of the following benefits: variable compensation, multi-year variable compensation, exceptional compensation, stock options, performance shares, benefits of any kind, termination benefits, a non-compete clause payment, or a supplementary pension plan.

3 RISK FACTORS

3.1 Risk factors

Wendel regularly evaluates its own risk factors and those of its consolidated subsidiaries, operating subsidiaries, and holding companies. The risk management process is described in section 3.3 below, "Risk management and internal control systems."

The risk factors presented in this section are those that are specific to the Company and/or its marketable securities which could have a material net effect on the business operations, financial position or future performance of the Company or of the companies that were fully consolidated during the financial year ended and as of the date of this Universal Registration Document.

This section is not intended to provide a full list of all of the Group's risk factors. In particular, other risks that Wendel does not consider specific to its activities in that, to varying degrees, they are also relevant to other issuers irrespective of the business, such as, for example, risks linked to IT security, could have an equally negative impact on Wendel or its activities, its financial position, profits or outlook.

As a long-term investor, Wendel is also vigilant with regard to the occurrence of emerging risks which, without constituting specific risks at this stage, are the subject of particular attention. As such, the climate risk *(i.e.* the impact that global warming could have on its business or that of its portfolio companies) is taken into account *via* a specific impact audit designed to help in the preparation of an initial assessment. Among these long-term trends, we can also mention the transformation of working methods with the rise of remote working. The impact of this transformation is likely to pose new risks in terms of both IT security and attractiveness and talent retention, issues on which risk mitigation actions are undertaken.

Other risks, of which the Company is unaware as of the date of this Universal Registration Document, may also exist or arise.

As regards the exceptional situation resulting from the COVID-19 global pandemic, although the situation seems to be evolving favorably it remains difficult to anticipate the consequences with sufficient precision as of the date of this document. A specific risk factor is presented below. Where possible, Wendel has also endeavored to describe the impacts on its portfolio companies, in section 1.4 "Subsidiaries and associated companies."

Risk factors fall into 4 categories:

- risks relating to Wendel's operations and business;
- financial risks;
- external risks;
- risks related to governance.

Risks are ranked within their respective categories by reverse order of importance according to their likelihood of occurrence and estimated impact and having factored in mitigation measures.

The summary table below is intended to present an overview of these risks according to their net impact, based on whether they are considered by Wendel to be high, medium or low risk (decreasing order).

Risk category	Risk factors	Evaluation
3.1.1 Operational and business risks	3.1.1.1 Risks related to geographical exposure and asset concentration	High
	3.1.1.2 Risks related to the robustness of portfolio companies' business models	High
	3.1.1.3 Risks related to due diligence on contemplated investments and divestments	Medium
	3.1.1.4 Risks related to valuing portfolio companies	Medium
	3.1.1.5 Risks related to the reliability of information transmitted by portfolio companies	Low
3.1.2 Financial risks	3.1.2.1 Equity risk	High
3.1.3 External risks	3.1.3.1 Risks related to the COVID-19 pandemic	Medium
	3.1.3.2 Risks related to legislative and regulatory changes	Medium
3.1.4 Risks related to governance	3.1.4.1 Risks related to the presence of a majority shareholder	Low

In addition, risks specific to companies in the portfolio are also presented in section 3.1.5 for each of the companies within the scope of the fully consolidated company. Risk factors related to Bureau Veritas are presented in more detail in its own Registration Document.

3.1.1 Operational and business risks

3.1.1.1 Risks related to geographical exposure and asset concentration

Presentation of risk

A high level of concentration in specific regions and sectors can create significant economic risks for the portfolio in the event of a downturn in those regions or sectors. Wendel has been taking steps to diversify its asset allocation since 2013.

However, by increasing the regional diversification of its assets, Wendel has also increased its exposure to currency risk and to certain specific risks, such as in Africa.

Wendel deems its investment in Bureau Veritas to be a high-quality asset. This holding accounted for 41.55% of the Company's net asset value at December 31, 2020. Any significant decrease in Bureau Veritas' stock price would have a considerable impact on Wendel's net asset value, especially in the fragile recovery context related to the COVID-19 pandemic.

IHS operates in five African countries and especially in Nigeria (where the majority of its towers are located) and since 2020 in the Middle East and South America. As such, its development could be negatively impacted by legal, regulatory, political, financial or fiscal factors specific to these regions and which could be beyond its control. The Company is also significantly exposed to a single customer which is also its largest shareholder.

In 2020, the sale of the remaining stake held in Allied Universal and the exit of Tsebo from the Group's asset portfolio contributed, in a marginal way, to a greater concentration of its assets.

Risk management

The Wendel Group seeks to reduce its sensitivity to regional or sectoral risks by diversifying its assets, in terms of both sector and region. Divestments made in 2018, 2019 and 2020 to rationalize Wendel's portfolio by reducing the number of investments, mechanically strengthened the concentration of its assets. Given the composition of the NAV, these divestments have not significantly changed the geographical or sectoral profile of the Group.

Wendel remains vigilant during its acquisitions in riskier geographic areas, such as Africa. In-depth due diligence is conducted and investments are made in partnership with quality investors.

Finally, Wendel's teams perform constant and accurate monitoring of Bureau Veritas and its risks.

IHS is also developing a strategy to reduce the weight of Nigeria in its activities and diverse its customer base.

The portfolio's concentration risk remains high: at December 31, 2020, Wendel's gross assets was made up of 42% of listed assets, (Bureau Veritas), 45% of unlisted assets and 13% of liquidity.

3.1.1.2 Risks related to the robustness of portfolio companies' business models

Presentation of risk

Wendel's ability to seize investment opportunities, best manage its equity investments, and optimize financing and refinancing depends on how well it is able to assess the stability and resilience of the business models of its portfolio companies, from when those companies are acquired through to when they are divested.

This assessment of companies looks particularly at the following risk factors:

- key people;
- financing: risk related to a company's leverage, cash flow stability, and ability to service its debts, liquidity and ability to meet banking covenants;
- customers and key accounts: risks related to the failure to meet budgets, the potential impact that market trends could have on operating margins, competitive pressure, evolution of raw material prices, rapid growth, and execution;
- technology: risk related to disruption by innovative alternative technologies;
- social and environmental responsibility: risks related to compliance with current standards and the capacity to seize opportunities around CSR themes.
- governance especially for minority stakes: risks related to the ability to influence the strategy and the external growth appetite

Risk management

Risk evaluation is carried out prior to the acquisition of stakes by conducting in-depth due diligence including a significant number of parameters that could affect the business model of the portfolio companies.

Monthly reporting of the performance of portfolio companies is carried out post-acquisition and quarterly monitoring *via* business reviews. The teams were strengthened in this way with the presence of operating partners within the investment team.

Wendel pays special attention to the quality of its managers and its associates and subsidiaries and regularly evaluates their performance.

Appropriate financing was set up or renegotiated with favorable borrowing conditions given recent market characteristics.

In the current context of the COVID-19 pandemic, Wendel remains particularly attentive to the cash forecasts of its associated companies and is assisting their top management in adopting solutions that are the most adapted to their circumstances. Specific stress tests are carried out to anticipate as much as possible the potential negative consequences that could be generated by degraded scenarios.

Finally, the financing is without recourse to Wendel.

3.1.1.3 Risks related to due diligence on contemplated investments and divestments

Presentation of risk

Equity investments involve a risk at the time an ownership stake is taken in a company, in that the Company's value might be overestimated. The valuation applied to a target company is based in particular on operating, environmental, financial, accounting, social, legal, and tax data communicated during due diligence, and this information might not be entirely accurate or complete. Due diligence processes may also be shorter in length than otherwise expected.

As part of a divestment, Wendel may grant earnouts or representations and warranties.

Proposed investments and divestments are also subject to stock market, debt and venture-capital risks, which can impact the prices and liquidity of these assets.

Risk management

Wendel's due diligence processes are thorough and must, when possible, meet predetermined investment criteria. Identified risks can, on a case-by-case basis, be covered by a guarantee from the seller. These due diligence processes are updated regularly and include considerations related to CSR and digitalization, as well as aspects related to compliance or internal control. During this due diligence, Wendel also relies on expert advice provided by renowned service providers.

Wendel aims to limit the amount and duration of any earnout clauses and representations and warranties granted during divestments.

Wendel makes co-investments with quality partners in order to better examine its projects and limit its exposure, with the prospect of an alignment of interests.

3.1.1.4 Risks related to valuing portfolio companies

Presentation of risk

Once they have joined the portfolio, the companies in which Wendel has invested must be evaluated periodically. These periodic valuations are used to calculate net asset value (NAV) per share, but they do not necessarily reflect ultimate divestment or listing value (no discount is used in our methodology for listing assets on stock exchange markets). Controlled private companies show less liquidity and are generally of a smaller size than listed companies. High volatility in the financial markets or low economic performances amplified by leveraging linked to the debt of portfolio companies could cause significant fluctuations in the NAV, especially given the current uncertainties surrounding the COVID-19 pandemic.

There is no guarantee that portfolio companies can be sold at a value at least equal to that used to calculate Wendel's NAV, which does not provide any potential discount for an initial public offering or sale. The sale of equity investments can be facilitated or hindered by market conditions.

Conversely, some associated companies may find buyers at a significantly higher price than the one set for NAV, particularly in the event of a change of control resulting in a premium.

Risk management

Wendel's NAV is currently calculated and published four times a year, using a precise, stable methodology (see section 5.3). It is finalized by the Executive Board, reviewed by the Audit, Risk and Compliance Committee, and examined by the Supervisory Board (see section 2.1.7). An independent appraiser makes and submits its own valuation. When appropriate, the methodology could be adjusted to obtain a better estimation of the fair value. At each NAV publication date, the Statutory Auditors verify that the methodology used for calculating net asset value complies with the Group's methodology and confirm consistency with accounting data. They aslo conduct a regular review of peers samples used in the calculation.

The individual Net Asset Values (NAV) of unlisted equity investments are also approved by the Boards of Directors of the parent companies in Luxembourg. Independent directors sit on these Boards.

In addition to this rigorous and contradictory estimation process, Wendel's business model does not have a time constraint on completing sales. The risk of forced sale at a potentially unfavorable price is consequently limited, generally speaking.

3.1.1.5 Risks related to the transmission of information by portfolio companies

Presentation of risk

Wendel's strategic decisions, such as reinvestments, are made as a result of rigorous analysis by its investment team, with the support of external consultants as needed. However, these analyses are also based on information provided by portfolio companies that prepare their financial statements and forward-looking business models. This financial and strategic information may contain bias, errors, be subject to interpretation or be based on aggregates not comparable to those used by Wendel. The use of such erroneous information could have an impact on the value of our portfolio companies in our NAV.

In addition, material information that would be brought to the attention of the public could be based on inaccurate or incomplete reporting by portfolio companies. Especially for protfolio companies where we hold minority stakes, the level of detail of information could be lower, information behind mostly available through board (or related committees) meetings.

Risk management

Wendel has directors in the governing bodies of portfolio companies (Boards of Directors and Audit Committees) whose mission is to analyze this information and ask the management for additional analysis when necessary. The governing bodies of portfolio companies may also include independent directors, who provide an external perspective and additional expertise.

Portfolio companies use independent consultants and experts, if necessary. Statutory Auditors of portfolio companies are chosen from leading firms and are also retained by Wendel with the aim of strong consolidation.

Finally, Wendel has an internal audit team and operating partners whose work contributes to ensuring the reliability of information reported by the companies in the portfolio.

3.1.2 Financial risks

In addition to the description of risk below, information related to financial risks is presented in note 6 "Managing financial risks" of the notes to the consolidated financial statements in this document.

3.1.2.1 Equity risk

Presentation of risk

Wendel's assets are mainly investments in which it is the main or controlling shareholder. These assets are listed (Bureau Veritas) or unlisted. The value of these subsidiaries and associates (and as a consequence the value of the Wendel Group) is related in particular to their economic and financial performance, their prospects for expansion and profitability as well as the equity market trends, directly in the case of listed companies and indirectly in the case of unlisted companies, the value of which may be influenced by market parameters. Despite the measures put in place by the investment teams during the investment process or when carrying out regular monitoring of performance, there is a risk that the economic results of investments are not in line with Wendel's expectations.

Moreover, the financial structure and levels of debt of certain unlisted subsidiaries and associates may increase the risk to the value of these subsidiaries and associates. Indeed, reliance on debt may increase financial difficulties in the event of a significant reduction in business restricting the ability to access cash and subjecting these subsidiaries and associates to a risk that their financial debt will become due early as a result of financial covenants. In the context of the COVID-19 pandemic, the volatility of stock markets as well as potential tensions on credit markets are liable to exacerbate this risk.

Risk management

Although Net Asset Value (NAV) is monitored very regularly, as a long-term shareholder Wendel is less constrained by changes in the spot value of assets.

Moreover, processes are in place for rigorously selecting portfolio companies in order to invest in companies with resilient business models. The performance of each of the companies within the portfolio is regularly monitored in order to anticipate changes insofar as possible.

To prevent and manage the risk incurred by these companies' financial structure, cash flow and financial covenant forecasts are prepared regularly, based on various scenarios, in order to prepare, if necessary, targeted solutions to ensure their long-term survival and to create value. Moreover, Wendel and its subsidiaries are in close contact with bank lenders, in order to more effectively manage the restrictions on these financing agreements.

3.1.3 External risks

3.1.3.1 Risks related to the COVID-19 pandemic

Presentation of risk

The Covid-19 pandemic, which has spread around the world, has had and continues to have a significant impact on many global economies and on the ability of companies to operate in several countries (varying degrees of lockdown, curfews, closure of public buildings and shops, restrictions on movement, etc.). Financial markets have seen their level of volatility increase as a result of the growing uncertainty stemming from both the pandemic situation itself and exit strategies, including the ramping up of vaccination strategies, which are taking time to emerge. In this context, the companies in Wendel's portfolio could see their business continue to be impacted, which would have a negative impact on their revenue and earnings and consequently on their balance sheet position, ability to meet their contractual financial commitments or their liquidity. The value of the Group's portfolio could be affected, as well as Wendel's liquidity or debt ratio, by any cash contributions by Wendel and by a decline in the value of the portfolio. In this uncertain environment, companies' ability to make reliable forecasts could also be impaired and have an impact on the Group's ability to assess the value of its assets, its unlisted assets in particular.

In the current context, in which the Group's employees are working remotely, the risk of delays or failures in the execution of operational processes, including cyber-risk, is also increased and could have an adverse effect on the Group's business or performance.

Risk management

To ensure the safety and health of its employees, Wendel is committed to strictly following the recommendations of the health authorities in the countries where it operates and promoting remote working whenever possible. The corporate teams remain fully mobilized to exercise the necessary vigilance over operational processes using the IT tools deployed over the past two years, which make remote working possible under satisfactory conditions. Wendel's investment team is working with portfolio companies to monitor their respective situations and, whenever possible, to offer them long-term support them through this unprecedented crisis. Wendel is also particularly attentive to analyses of the financial capacity of its companies, which it assesses according to various scenarios that model possible crisis exit plans for 2021 and beyond. The specific measures taken by each of the portfolio companies are also described in section 1.4 "Subsidiaries and associated companies" for each of them.

3.1.3.2 Risks related to legislative and regulatory changes

Presentation of risk

Acquisition and divestment operations are often complex, because of the application of legal, fiscal and regulatory provisions under multiple legislation and because specific organizational structures must be implemented depending on the characteristics of each investment. Moreover, unfavorable changes in tax legislation or its interpretation could make Wendel's investment transactions less attractive (see section 3.2.3).

Risk management

Legislative and regulatory change is constantly monitored through active monitoring by the corporate teams composed of experienced people in their respective fields. During an acquisition or divestment, Wendel's investment team, in association with the legal, tax, and finance teams, work with experienced consultants in the local markets to ensure that the new structure complies with all applicable legal, regulatory, and tax requirements. Wendel makes sure that it is in compliance with the laws and regulations in force.

3.1.4 Risks related to governance

3.1.4.1 Risks related to the presence of a majority shareholder

Presentation of risk

Wendel is controlled by a majority shareholder (holding 39.3% of its share capital as at December 31, 2020), with the ability to sell its shares, which could have an adverse effect on Wendel's stock price. In addition, this control situation implies that decisions of the majority shareholder could have adverse consequences for Wendel.

Risk management

Wendel ensures that its governance remains balanced with the presence of five independent members on the Supervisory Board. Furthermore, the Supervisory Board has a lead member, one of whose missions is to prevent, analyze and manage potential conflicts with the majority shareholder.

Wendel also respects and implements the principles and recommendations of the Afep-Medef Code.

Refer to section 4.1.8.1.1 of this registration document for a more detailled description of risk mitigations measures.

3.1.5 Risks specific to portfolio companies

Bureau Veritas

The main specific risks identified by Bureau Veritas fall into 3 categories. They are listed below for each category in reverse order. Risks related to the Group's business plan, in particular the risk arising from legislation and changes thereto, the risk related to the non-renewal, withdrawal or loss of certain authorizations, the ethical risk, the risk related to litigation and prelitigation proceedings and the risk related to the issuing of false certificates. Human risks with the risk related to Human resources. Risks related to acquisitions with the risk of depreciation of intangible assets from acquisitions.

The Bureau Veritas management team is in charge of managing these risks. Bureau Veritas describes these risk factors in more detail in its Universal Registration Document, available on its website (www.bureauveritas.fr) and on that of the AMF (www.amf-france.org).

Cromology

The main risks identified by Cromology are the changes to the macroeconomic environment and the evolution of the COVID-19 pandemic, increases in certain raw material costs and availability, titanium dioxide (TiO2) in particular, intense competition and pricing pressure, dependence on some clients and suppliers, risks related to human resources, risks related to the digitization of distribution activities and IT security, industrial, regulatory and environmental risks.

The Cromology management team is in charge of managing these risks.

Stahl

The main risks identified by Stahl are: changes to the macroeconomic and financial environment in relation to the COVID-19 pandemic (notably for the automobile industry); competitive pressure; a rise in raw material prices; the concentration of chemical suppliers; sectoral innovation and leather substitution by other materials; industrial risks; environmental risks (certain materials used or products manufactured could be discovered to be hazardous to human health or the environment); the risk of departure of key people; currency risk (see the section on currency risk management in the consolidated financial statements); liquidity risk arising from the financing structure for this investment (see the section on liquidity risk management in the consolidated financial statements), the risk related to IT security and the risk related to the execution and consolidation of acquisitions.

The Stahl management team is in charge of managing these risks.

Constantia Flexibles

The main risks identified for Constantia Flexibles are: regulatory change in public health, environment or security matters leading to significant investment or compliance costs, the volatility of commodity prices; environmental risks; hiring and retaining talented employees; finding the right balance between product prices and maintaining long-term relationships with key customers; possible interruptions to production processes; machine breakdowns and quality requirements; and risks related to data processing and IT security. The packaging industry is subject to a number of regulatory requirements that also exposes Constantia Flexibles to product liability-related risks. Changing expectations of end consumers and customers in terms of more environmentally-friendly packaging (recyclability in particular) exposes Constantia Flexibles to greater risks of substitution or increased capital expenditure. The company's R&D activities could pose risks related to meeting deadlines and market needs. Due to the nature of its business, the company is exposed to currency risk and country risk (political and macroeconomic). Acquisitions and disposals could also have a material impact on the company's cash flow and pose risks related to the integration of newly-acquired companies.

The Constantia Flexibles management team is in charge of managing these risks.

Crisis Prevention Institute

The main risks identified by CPI are risks associated with the evolution of the Covid-19 pandemic and its impact on CPI's in-person training delivery programs, risks related to the financing and liquidity of the company, risks associated with the regulatory environment (accreditation) and the availability of funds for training in de-escalating crisis situations, the risk of a shortage of qualified staff to deliver CPI training programs, risk related to the quality of training delivered, the risk of staff being unavailable or unable to attend training or certification sessions, risks related to CPI's growth and the capacity to adapt its organizational model and operations, the competitive environment and risk of departure of key individuals, in particular given the modest size of the organization.

Risk management falls under the responsibility of CPI Management.

IHS

IHS is not a fully consolidated company of the Wendel Group. However, certain significant risks specific to this company are described as they are likely to have an impact on Wendel.

The main risks identified by IHS are geopolitical and macroeconomic risks (IHS operates in Latin American and in multiples African countries, notably in Nigeria, where there is financial, regulatory, fiscal and/or political instability which may impact its activities), risks relation to corruption, risks involving regulated activities (obtaining licenses, state intervention, etc.), exchange-rate risks, nonpayment by certain customers, consolidation of telecom operators, risks related to the execution or consolidation of new acquisitions, the risks related to recruiting and retaining qualified employees, refinancing risks, the risks related to executing operations (sub-contracting, safety, maintaining an adequate level of service, price fluctuation for diesel fuel, etc.) and risks related to IT security and technology obsolescence.

IHS operates Internationally and is exposed to foreign exchange risk arising from currency exposures other than the US Dollar. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

IHS is exposed to risks resulting from fluctuations in foreign currency exchange rates. A material change in the value of any such foreign currency could result in a material adverse effect on the IHS' cash flow and future profits and IHS's ability to meet its banking covenants. IHS is exposed to exchange rate risk to the extent that balances and transactions are denominated in a currency other than the functional currency in which they are measured.

In managing foreign exchange risk, IHS aims to reduce the impact of short-term fluctuations on earnings. The company has no export sales, but it has customers that are either contracted using fees denominated in US Dollars or other foreign currencies, but with foreign exchange indexation. IHS' significant exposure to currency risk relates to its loan facilities that are mainly in foreign currencies. IHS manages foreign exchange risk through the use of derivative financial instruments such as currency swaps and forward contracts. IHS monitors the movement in the currency rates on an ongoing basis.

Currency exposure arising from assets and liabilities denominated in foreign currencies is managed primarily by setting limits on the percentage of net assets that may be invested in such deposits.

The table below shows the impact on IHS' loss if the exchange rate between the following currencies to US Dollars had increased or decreased, with all other variables held constant. The rate of change was determined by an assessment of a reasonable or probable change in the exchange rate being applied as at December 31 of each year.

In thousands of US dollars	Effect on Euro	Effect on Rwandan Franc	Effect on Nigerian Naira	Effect on Zambian Kwacha	Effect on Brazilian real	Effect on Kuwaiti dinar
2020						
Change rate	5%	5%	5%	5%	5%	5%
Effect of US Dollar weakening on loss	-18,652	-3,522	-114,799	-10,808	- 14,302	-250
Effect of US Dollar strengthening on loss	18,652	3,522	114,799	10,808	14,302	250
2019						
Change rate	5%	5%	5%	5%	n.a.	n.a.
Effect of US Dollar weakening on loss	-11,740	-6,308	-104,540	-9,807	n.a.	n.a.
Effect of US Dollar strengthening on loss	11,740	6,308	104,540	9,807	n.a.	n.a.

The impact is based on external and intercompany loans.

This analysis excludes the natural hedging arising from contracts with customers in the Nigeria, Zambia and Rwanda operations, which are either wholly or partly US Dollar based. It is, however, impracticable to incorporate the impact of this US Dollar component in the above analysis due to the complexity of the contracts and the timing of any devaluation event.

The IHS management team is in charge of managing these risks.

3.2 Judicial proceedings, insurance, and regulatory environment

3.2.1 Judicial proceedings and arbitration

The principal disputes and litigation involving the Company and its controlled subsidiaries are detailed in note 16-1 to the consolidated financial statements.

To the best of the Company's knowledge, there are no other legal or arbitration proceedings (including any pending or threatened proceedings of which Wendel is aware) involving the Company or any of its fully-integrated subsidiaries that may have or that have had, over the last 12 months, a material adverse effect on the financial position or profitability of the Company and/or the Group.

Bureau Veritas' main disputes are presented in paragraph 4.4 "Administrative, judicial and arbitration procedures and investigations" of its 2020 Universal Registration Document (available on the Bureau Veritas website (www.bureauveritas.fr) and on that of the AMF (www.amf-france.org).

3.2.2 Insurance

Wendel

As part of its risk hedging policy, Wendel has taken out insurance policies with leading companies to hedge the following main risks:

- damage to property (buildings and/or tenant's liability risk) and contents;
- general liability: this policy covers bodily injury, property damage and other losses to third parties;
- professional liability: this policy covers litigation risks in the event of professional error or an act deemed as such, committed by the Company or one of its agents or employees with third parties;
- liability of executives and corporate officers: this policy covers the Company's corporate officers, its representatives on the governing bodies of subsidiary and affiliated companies, and persons considered executives *de facto* or *de jure,* who might be held responsible for a professional error in connection with their management, supervisory or administrative duties; automobile fleet;
- this policy provides for property damage;
- non-owned auto: this policy insures the use of a personal vehicle for occasional travel that is required for Wendel business;
- Company employees who travel are also covered by various assistance contracts and insurance policies, which are the subject of a risk awareness and prevention program.

Bureau Veritas

In a context of a general tightening of the commercial insurance market reinforced by the health crisis, particularly in terms of exclusions, limits and price increases, Bureau Veritas was able to renew all insurance programs with capacities unchanged. The centralized insurance policies are:

- a professional and general liability program covering all of the Group's businesses, except for Aeronautics and the Construction division's French operations; this program supplements local insurance programs;
- the General Liability Insurance for Corporate Officers (RCMS) program, which covers the civil liability of corporate officers of all Bureau Veritas Group subsidiaries;
- the Aeronautical Civil Liability program, mainly covering aircraft inspection activities leading to airworthiness certificates;
- the Property Damage and Business Interruption program covering all of the Group's offices and sites worldwide;
- the international medical assistance program covering all employees on business trips.

Other risks are insured locally, such as for automobile accidents, workplace accidents, and risks related to the Construction division in France, for example.

Cromology

Cromology has taken out insurance policies with leading companies for all Group entities to cover the following main risks:

- property damage to cover accidental damage to the Company's property and the resulting financial consequences (business interruption);
- general liability to protect Cromology against the pecuniary consequences of its civil liability due to damage caused to third parties;
- ten-year civil liability to cover, on the one hand, the ten-year guarantee of Cromology as a manufacturer and, on the other hand, that of approved contractors to repair material damage suffered after their delivery by work carried out with products manufactured by Cromology or implemented by approved contractors;
- environmental liability;
- general liability for executives and corporate officers;
- fraud intended to cover financial losses resulting from fraud or hostile acts committed by an employee or a third party;
- business travel.

Other risks are covered locally, such as automotive risks.

Stahl

Stahl has taken out the following centralized insurance policies:

- direct property damage and business interruption;
- product liability insurance, including a guarantee for third parties in the event of a product recall;
- general liability for executives and corporate officers.

Constantia Flexibles

Constantia Flexibles has taken out insurance policies with leading companies. In 2020, Constantia Flexibles continued to centralize and optimize its insurance policies.

Constantia Flexibles has taken out the following insurance policies:

- property damage and business interruption insurance;
- general product liability insurance;
- transportation and maritime transportation liability insurance;
- liability insurance for executives and corporate officers;
- business travel and accident insurance for employees;
- fraud insurance.

Crisis Prevention Institute (CPI)

CPI has taken out the following insurance policies with leading companies:

- general liability insurance;
- property damage and business interruption insurance;
- general liability insurance for corporate officers;
- employer liability insurance;
- fraud insurance;
- car fleet insurance.

3.2.3 Regulatory environment

Wendel

As an investment company, Wendel SE is not subject to any specific regulations.

The Wendel Group holds its unlisted investments through Luxembourg companies, initially constituted in the form of Venture Capital Investment Companies (SICARs), transformed at the end of 2019 into Reserved Alternative Investment Funds (RAIF). RAIF are governed by the Luxembourg law of July 23, 2016, itself transposed from the European Directive on Alternative Investment Fund Managers (AIFMD) into national law. They are managed by a Luxembourg management company, Winvest Conseil SA, which was approved as an alternative investment funds manager by the CSSF on June 4, 2015. Winvest Conseil SA manages the portfolio, and is responsible for risk management and the central administration of the RAIF. It also undertakes compliance and internal audit activities for the companies included within its remit. It has implemented detailed procedures and is subject to strict obligations, whose performance is closely monitored by the CSSF.

Wendel North America, which studies the Group's investment opportunities in North America, registered with the Securities and Exchange Commission (SEC) as an Investment Advisor in May 2017.

Each of the Group's companies carries out its business in compliance with its own regulatory environment, which differs according to its businesses and geographical areas, and in which changes could be unfavorable.

The tax rules applicable to Wendel could change adversely.

To date, the Company is not aware of any measure or factor of an administrative, economic, budgetary, monetary or political nature that has materially influenced or may materially influence, directly or indirectly, its activities, subject to the regulatory or other impacts that could result from the international crisis related to Covid-19.

Bureau Veritas

Bureau Veritas operates in a highly regulated environment. To exercise a significant portion of its activities, Bureau Veritas must first obtain authorization from local, regional or international public authorities or professional organizations. Each division in the Bureau Veritas Group has a specific structure devoted to centralized monitoring and management of these authorizations, which are subject to regular audits conducted by the relevant authorities.

For more details on the regulations applicable to Bureau Veritas, please refer to the Bureau Veritas Universal Registration Document (available on the Bureau Veritas website (www.bureauveritas.fr) and on that of the AMF (www.amf-france.org).

Cromology

Cromology's business is subject to technical regulations applicable to paints, including regulations on volatile organic compounds in paints, regulations relating to certain important raw materials in the formulation of paints and regulations applicable to paint waste. In recent years, it is the "CLP" regulation on the classification, labeling and packaging of substances and mixtures that has evolved the most, changing the classification of substances used by Cromology with the consequence of reformulations and the development of new packaging and labeling.

Cromology complies strictly with the European regulations for the chemical industry (REACH) and is regularly audited by external bodies as part of obtaining ISO 9001, 14001 and OHSAS 18001 certification.

Cromology is part of a voluntary research and development approach focused on respect for human health and the environment, which is at the heart of its CSR strategy. For example, Cromology seeks to reduce the rate of volatile organic compounds in its innovations as much as possible, beyond the regulatory requirements of the countries where it operates. In France, for example, Tollens and Zolpan launched products under the German TÜV label, which imposes a VOC content of less than 1 g/l for interior matte paint. This is 1/30th of the content limit under European regulation, and 1/10th of the content limit for the European Ecolabel (see "Extra-financial information" section 4.3.3).

Stahl

Stahl operates in 22 countries. Its manufacturing sites are located in 11 countries: Singapore, China, France, India, Netherlands, Brazil, Spain, Mexico, Italy, Germany, and the United States. Stahl has obtained or has applied for the authorizations necessary to operate in these countries. These authorizations relate to safety, health and to the environment. In other countries, Stahl exercises commercial or storage activities. As the authorization system may change, Stahl monitors this issue and takes appropriate decisions when necessary.

Constantia Flexibles

Constantia Flexibles has production plants in 15 countries on 4 continents. Constantia Flexibles has obtained all the required permits and is not aware of any regulatory changes that could affect those permits.

The company serves customers in the food, pharmaceuticals, and healthcare industries. Both it and its customers are subject to numerous health, safety, and environmental regulations, which change frequently. Plants must comply with local operating licenses, and sometimes face changes in occupancy zones affecting permitted emissions, or the need to relocate production equipment. There is a risk, partly due to the growing importance of sustainable development, that new regulations could require the company to make further capital expenditures, increase its production costs, or prohibit it from using certain materials.ire new investments, increase production costs or prohibit the use of certain materials.

The activities of Constantia Flexibles do not rely only on intellectual property. Although Constantia Flexibles owns patents and licenses, these are not material with respect to its business activity. Constantia Flexibles' competitive advantage is based primarily on its skills, particularly its production know-how.

Crisis Prevention Institute (CPI)

CPI operates primarily in two sectors, healthcare and education. CPI has set up an active legislative and regulatory watch in these two sectors. For education, the watch focuses on provisions related to restraint and isolation, and for healthcare, on provisions related to violence at work.

In the education sector, the 50 states of the United States of America have a legal framework for coercion and isolation. In the healthcare sector, a legal framework governing workplace violence is in place in 37 states of the United States of America. For CPI and its "Nonviolent Crisis Intervention® Program", these measures have either a neutral or a positive impact.

CPI has CEU (Continuing Education Units) accreditation at state and federal level. It also has IACET (International Association for Continuing Education & Training) accreditation, and several state-specific authorizations.

3.3 Risk management and internal control systems

3.3.1 Introduction

The following sections present the main risk management and internal control procedures in place at Wendel (which includes Wendel SE, its holding company and foreign offices) and companies in its portfolio. The Executive Board is responsible for gathering the necessary information from the relevant entities and managers and presenting the systems in place. Wendel's internal control policy forms part of the Company's broader Corporate governance rules, under which the Audit, Risk and Compliance Committee is assigned with making sure that risk management and internal control systems are properly implemented and effective. The rules are intended to help the Supervisory Board ensure that the Company's internal controls are effective, and that the information provided to shareholders and financial markets is reliable.

Definitions and objectives of risk management and internal control

Wendel applies the AMF guidelines issued in July 2010, entitled "Reference framework for internal control and risk management systems," as well as the recommendations for implementing those guidelines, to develop its approach and procedures for internal control and risk management. Wendel also takes into account best practices taken from other commonly used referentials such as the COSO framework (Committee Of Sponsoring Organizations of the Treadway Commission). These guidelines include the objectives and other elements of the reference framework.

Objectives of internal control

Wendel's internal control system consists of resources, behaviors, procedures, and initiatives tailored to the specifics of Wendel's business.

By regularly reviewing how the system is implemented across its operations, Wendel aims to put in place adequate processes to manage the risks to which the Group is exposed.

The internal control system aims to secure that the Group generates reliable and complete financial information, and that it has the right processes for managing its operations in accordance with applicable laws and regulations and with the management principles and strategy set by the Executive Board.

The internal control system therefore aims to help Wendel and its Portfolio companies mitigate its risks, prevent fraud and corruption, and more generally reach its objectives, and protect the value that it creates for shareholders and employees.

However, no such system can provide an absolute guarantee that all risks to which Wendel and its Portfolio companies are exposed are managed in their entirety, nor that the Wendel Group will reach its objectives.

Principles of internal control

Wendel's internal control system is based on the following fundamental principles, consistent with the Company's objectives:

- an organization with competent, responsible men and women that draws on established procedures, tools, and practices, supported by dedicated IT systems;
- periodic assessments of the Company's main risks in order to identify, analyze, and manage those risks with respect to its objectives;
- appropriate internal control measures proportionate to the risks of each business process and designed to ensure that the right steps are taken to manage risks that could prevent the Company from reaching its objectives;
- the dissemination within the Company of relevant, reliable information that lets each employee carry out his or her duties;
- annual review of internal control practices;
- continuous follow-up of action plans identified.

Risk management

Risks represent the possibility that an event may occur whose consequences would adversely affect Wendel's employees, assets, environment, objectives, financial condition, or reputation.

Risk management is comprehensive and covers all of Wendel's activities, processes and assets. It includes a set of resources, behaviors, procedures, and initiatives tailored to Wendel's characteristics. They enable the Executive Board to maintain risks at a level that is acceptable.

The Company's risk management system is designed to identify and analyze the main risks to which Wendel is exposed. The system helps:

- preserve Wendel's assets, reputation, and the value it has created;
- make Wendel's decision-making and other processes more secure so as to help Wendel achieve its objectives; foster consistency between Wendel's activities and its values;
- encourage Wendel's employees to adopt a shared view of the principal risks and raise their awareness about the risks inherent to their business activities.

Relationship between risk management and internal control

Wendel's risk management and internal control systems are complementary.

The risk management system is designed to identify and analyze its main risks

The risk management system includes controls within the internal control system that are designed to ensure risk management functions properly. Risks whose possible occurrence or magnitude exceeds limits that the Company deems acceptable are dealt with using the risk management system described here, and action plans are implemented if necessary. These action plans could involve setting up controls, transferring the potential financial consequences (such as through an insurance policy), and/or modifying the associated business processes.

Any controls that are set up form part of the Company's internal control system

This aims to ensure that the system can help the Company deal with the risks to which it is exposed. Similarly, the internal control system relies on the risk management system to identify the principal risks that must be controlled. The internal control system consequently helps protect the value that Wendel creates for its shareholders and employees.

These and any such internal control and risk management systems, no matter how well they are designed and implemented, cannot provide an absolute guarantee that risks will be totally eliminated and that Wendel's objectives will be achieved.

Internal control scope and limitations

Wendel's risk management and internal control system, as described in this report, covers all operations carried out by Wendel SE as an investment company as well as all of its directly controlled holding, investment and advisory companies. Wendel and its Portfolio companies is a Group of companies that: (i) is decentralized, including in the choice of organizational structure and in its risk management and internal control systems; (ii) includes listed and unlisted companies; and (iii) includes companies in different businesses and of varying sizes. As a result, the scope and characteristics of risk management and internal control can vary from one subsidiary to another. Each operating company and its executives are responsible for designing and implementing their own risk management and internal control systems, in line with the Group's philosophy and organization. Regardless of the quality of its design and operating effectiveness, such internal control systems can only provide a reasonable assurance that processes are operated as intended and risks adequately mitigated. Moreover, despite the many interactions and exchanges between Wendel SE and its Portfolio companies, there is no certainty that unexpected events may occur in its portfolio companies and impact Wendel Group ability to reach its objectives.

3.3.2 An appropriate organization with clearly-defined responsibilities and powers

Wendel's internal control system draws on the Company's operational organization and on functional divisions that are directly or indirectly dedicated to managing the risks to which the Company is exposed.

The governance structure encourages transparency and traceability in decision-making. It requires strong involvement of the manager of each functional area, who must take ownership of the Company's policies and procedures, help implement them and ensure they are followed, and supplement them when needed.

Persons involved in internal control at Wendel SE

The Supervisory Board and its committees

The Supervisory Board exercises permanent oversight of the Executive Board's management of Wendel SE. Throughout the year, it performs the checks and controls that it deems appropriate and may request any document that it considers necessary to fulfill its duties.

The Supervisory Board regularly reviews the main risks to which the Group is exposed. It does so within the framework of its meetings, and in particular:

- when it examines the quarterly management reports prepared by the Executive Board on the economic and financial condition of each subsidiary or investment (business trends, margins and financial debt), as well as all events that could have a significant impact on the Group;
- as part of investment projects: the Executive Board explains to the Supervisory Board how the projects will be implemented, the risks and opportunities connected with each investment, based on various assumptions, as well as current and projected resources to protect against identified risks. The Supervisory Board's prior approval is required for all projects of more than €100 million or any decision requiring a long-term commitment on the part of Wendel or its subsidiaries.

In addition, the Executive Board regularly updates the Supervisory Board on changes in Wendel's net asset value (NAV), indebtedness and liquidity.

In accordance with Article L. 823-19 of the French Commercial Code, the Supervisory Board's Audit, Risk and Compliance Committee is responsible for ascertaining the quality and reliability of financial statements and other published financial information, tracking the effectiveness of risk management and internal control procedures, interviewing the Statutory Auditors, in particular with no Wendel SE representatives present, and ensuring they remain independent. The Audit, Risk and Compliance Committee's tasks are described in detail in section 2.1.2.1 of this document.

The Governance and Sustainable Development Committee proposes to the Supervisory Board changes to its composition, the terms under which Executive Board members are to be compensated and those for allocating stock options or performance shares. It sees to it that compensation arrangements align the interests of the members of the Executive Board with those of Wendel. In addition, the Governance and Sustainable Development Committee proposes the co-investment policy intended for senior managers to the Supervisory Board. The Governance and Sustainable Development Committee's tasks are described in section 2.1.2.2 of this Document.

To accomplish its tasks, the Supervisory Board and its committees may call upon external experts, when they deem it necessary.

The Supervisory Board and its committees discuss their operating methods every year, as described in section 2.1.1.5 of this Document.

The by-laws and legal provisions governing the transactions for which the Supervisory Board's prior consent is necessary, as well as the thresholds set by the Supervisory Board regarding divestments, the sale of real estate, and the granting of endorsements and guarantees requiring the Supervisory Board's approval are described in section 2.1.7 of this document. These rules are part of the internal control process. The division of roles between the Supervisory and Executive Board is specified in the same section.

The rules by which the Supervisory Board and its committees operate (deriving from legislation, the by-laws, and the Afep-Medef Code) are set forth in the Supervisory Board's internal regulations and detailed in section 2.1.1. The internal regulations are reviewed regularly to take into account any new laws and the latest best practices for Corporate governance. The latest changes are dated March 18, 2020, and concerned the description of the missions of the Audit, Risk and Compliance Committee and the Governance and Sustainable Development Committee, in connection with changes to the Supervisory Board's role in ESG.

Executive Board and its committees

The Executive Board has two members. In 2020 it met 49 times (generally once every two weeks and as often as required by Wendel's interests, in 2020, the frequency of its meetings was increased, especially during lockdowns). Its decisions are made collegially. Executive Vice-Presidents are invited to join the meetings of the Executive Board.

The Executive Board has organized Wendel's SE procedures by setting up five committees:

- an Investment and Development Committee, which includes the Executive Board, the Managing Directors of the Investment Team, and the Chief Financial Officer. It meets once every two weeks (43 meetings in 2020) to monitor the subsidiaries efficiently and identify and issue recommendations on potential investments or divestments Wendel undertakes;
- a Management Committee, which includes the Executive Board and the main operational managers, and which is in charge of running the day-to-day business of Wendel and its holding companies, as well as financial, legal, General Secretariat, and tax matters, human resources, and communications. It usually meets at least once a month but in 2020, the frequency of its meetings has been augmented during lockdowns (49 meetings in 2020);
- a Coordination Committee, which comprises all senior executives of Wendel and its advisory companies, including members of the above two committees. It takes stock of Wendel's position and the initiatives to be undertaken, and it reports on any difficulties or risks encountered. This committee meets at least once a month (16 meetings in 2020);
- an Ethics Committee, which was created in 2017 and comprises the Company's Executive Board members, Chief Financial Officer, and Ethics Officer. It is responsible for identifying information as insider information and deciding how it should be handled. This committee was set up as part of efforts to comply with the EU's market abuse regulation. Its composition and duties are set forth in an internal procedure for identifying insider information. This committee meets on an as-needed basis.
- an ESG Steering Committee which was strengthened in 2020 as part of the ramping up of Wendel's ESG strategy. Its members represent the Company's different business and support divisions: Internal Audit department, General Secretariat, Communications and Sustainable Development department, Financial Communications department, Human Resources department, Finance and Operational Resources department. This Committee meets every six weeks to carry out in-depth monitoring of the Group's ESG ratings, new programs, and progress made on rolling out the ESG roadmap for 2023.

The Executive Board's monitoring of various risks to the Group is described below in the section titled "Periodic assessments of main risks."

Holding companies, investment companies and directly-controlled advisory companies

The governing bodies of the Group's holding companies, investment vehicles and advisory companies are directly or indirectly controlled by Wendel SE, making it possible to apply the risk management and internal control principles described in this report to them.

Operating subsidiaries (portfolio companies)

Each operating subsidiary enjoys full management autonomy but reports periodically to Wendel SE periodically on operational and financial matters. Wendel also takes part in the Corporate governance bodies of its subsidiaries and thus ensures that internal control and risk management procedures are properly applied in each of them.

Internal audit

Wendel SE created a Group Internal Audit department in 2016. This department is responsible for evaluating the internal control and risk management systems of Wendel SE, its holding, investment, and foreign offices, and its operating subsidiaries (portfolio companies), as well as for regularly checking those systems and making recommendations for improving them. It is also responsible for promoting continuous improvement efforts for internal control and risk management systems.

The Group Internal Audit department helps train and inform internal control managers but is not directly involved in the implementation and day-to-day functioning of internal control and risk management systems. Reporting to the Executive Board and the Audit, Risk and Compliance Committee, the department provides support to senior management that is independent of the operations and functions that it reviews. The team, composed of 2 audit professionals, is now in charge of Internal Audit and Internal Control activities and participates in the Risk Management process.

Internal control environment

Reporting information within the framework of decision and control processes

The Supervisory Board and Audit, Risk and Compliance Committee are regularly provided with necessary information on business matters, strategic planning, and the risks to which Wendel and its Portfolio companies are exposed, within the framework of the regular meetings described in the section titled "Persons involved in internal control at Wendel" relating to the Supervisory Board and its committees.

Because Wendel's four Management Committees meet often, the Executive Board can organize appropriate dissemination of information within the Company. Consequently, the Executive Board and each department head can make decisions based on all the relevant information in Wendel's possession on its organization, strategic planning, financial position, and the business activities of its subsidiaries.

Dissemination of information on Wendel's organization and its employees' responsibilities

Wendel aims to clearly identified responsibilities for organizing, preparing and reporting information. Several procedures help ensure this:

- the Executive Board convenes meetings of all Wendel employees whenever necessary, in addition to the Committee Meetings mentioned above and internal Team Meetings. Similarly, Group reflection and motivation seminars involving some or all employees are held to take stock of Wendel's position and its environment, and to encourage each person to express his or her expectations about Wendel's operations;
- the dissemination of procedures and rules to all personnel – such as expense commitment procedures, the Market Confidentiality and Ethics Code (see below), the Ethics Code (see below), policies to fight money-laundering and corruption (see below), and the IT System charter – helps each employee to comply with the internal control procedures established by the Executive Board. The Group has drafted a finance and business administration procedure for its advisory companies to communicate the Wendel internal controls requirements;
- an intranet is operational at Wendel: it serves to share useful information with all Wendel's employees about Group events and organization. Among other things, the intranet includes a functional and hierarchical organization chart as well as the calendar of blackout periods.

Protection of confidential information

Wendel endeavor to preserve the utmost confidentiality when sharing sensitive information:

- the Market Confidentiality and Ethics Code was presented to all employees and is part of the internal regulations. It applies to all employees in France and abroad, and to members of the Executive and Supervisory Boards;
- IT access and security are managed centrally by the IT function. Each workstation can be accessed only by the employee to whom it is assigned. Session access is controlled by a login and password combination. The access rights of each employee are limited to his or her responsibilities or department. In 2020, Wendel increased its focus on IT security and awareness of its employees on Cyber security to take into account the particular sanitary context which lead to increased reliance on remote working;
- in order to comply with the EU's 2018 General Data Protection Regulation (regulation 2016/679), a Data Protection Officer (DPO) was appointed. All employees of Wendel SE, its holding companies and its foreign offices also attended a dedicated e-learning training on data privacy. In 2020, Wendel further updated and refined its GDPR related processes in order to keep abreast of and apply any changes to regulations;
- a video-surveillance system has been implemented and security guards are assigned to the building at all times, securing all building access.

Compliance with laws and regulations and with ethical rules

Compliance with laws and regulations

The Legal, Human Resources, Sustainable Development, and Tax departments, along with the General Secretariat, address compliance with the laws and regulations in the countries where Wendel and its holding, investment, and advisory companies are located. They monitor the legal and tax environment, so as to stay on top of changes in laws and regulations that might be applicable to them.

Market Confidentiality and Ethics

The Market Confidentiality and Ethics Code is part of Wendel SE internal regulations and applies to employees of Wendel and its international offices, and to members of the Executive and Supervisory Boards.

This Code explains the rules of confidentiality for persons who are in possession of confidential or privileged information. It explains the obligation to abstain from stock-market transactions when in possession of privileged information and during blackout periods. Blackout periods are defined as extending from 30 days before until one day after the publication of annual and semi-annual earnings, as well as from 15 days before until one day after the publication of quarterly financial data and the NAV.

The Code defines illegal insider trading, misinformation and share price manipulation, and explains the applicable legal sanctions. It also sets up a number of measures for preventing such infractions. The Code also includes the provisions applicable to stock options and bonus shares and details the AMF disclosure obligations incumbent on executives and persons affiliated with them.

In addition to legal and regulatory obligations in this area, the Code includes certain more restrictive provisions in the interest of transparency and prudence. Specifically, it requires Executive and Supervisory Board members, employees and their relatives to register their Wendel shares and restricts transactions on derivatives or speculative transactions. The Code also defines conflict-of-interest situations. The Group Ethics Officer monitors adherence to the Code. The Code forbids employees and executives from holding, buying or selling shares of listed Group subsidiaries or associates at any time, except for shares that the Board members of those companies must own, or dividends-in-kind paid to them in the form of shares of Wendel's subsidiaries or associates.

Pursuant to EU Regulation 596/2014 of April 16, 2014 on market abuse, and as part of its effort to prevent illegal insider activity, Wendel draws up a list of insiders every time sensitive information emerges that will not be published immediately. These lists are made available to the AMF, which can request to see them. They are kept for at least five years after they are created or after their last update. The Compliance Officer is in charge of creating and updating the lists. Specific compliance rules applicable to the members of the Executive and Supervisory Boards are detailed in section 2.1.8.

Code of Ethics

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

The main issues covered by the Code are: antimoney laundering measures, compliance with economic sanctions, bribery prevention, fair competition, workplace equality, occupational health and safety, personal data protection, the preservation of operating resources, and being a responsible corporate citizen.

Compliance with the provisions of the Ethics Charter is the responsibility of the Secretary General of Wendel SE.

In June 2020, the Code was updated to reflects changes in legislation and implementation of improved controls measures

Antimoney-laundering and anti-corruption policies

Wendel has adopted a Group-wide antimoney-laundering policy, communicated to all employees, that specifies its procedures for preventing money laundering and managing the associated risks. Starting in 2018, all employees of Winvest Conseil S.A. and its subsidiaries follow an e-learning module to keep abreast of changes in regulation in Luxembourg (circular 18/698).

Wendel SE has introduced several initiatives to comply with the new requirements under France's *Sapin 2* law on transparency, combating bribery, and modernizing the economy, which went into effect on June 1, 2017. In 2018, the Group deployed processes around the 8 pillars of *Sapin 2* and conducted a first assessment of the implementations of these requirements in its Portfolio companies. With the help of an external consultant, it evaluated the processes in place in its controlled Portfolio companies using the AFA's (Agence Française Anticorruption) published Guidelines and questionnaire. All Wendel SE employees follow annually a specific training on the prevention of bribery. In April 2019, an updated Group-wide antibribery and new whistleblower policies were deployed. Throughout 2020, Wendel updated and upgraded its processes and followed their implementation. In order to improve its efficiency, Wendel finalized porting those processes on an online platform opened to all its employees.

Human resources policy

Wendel's human resources policy is designed to make sure the Company has employees with the skills and knowledge necessary to carry out their duties and help the Group reach its current and future objectives. Wendel's employees are aware of their responsibilities and limits and are informed of and comply with the Company's rules. The main factors supporting this are discussed in the "Internal control environment" section, under "Dissemination of information on Wendel's organization and its employees' responsibilities."

Wendel conducts formal, annual performance reviews, through which it regularly examines the contribution of each employee, the scope of their position and the resources given to them for meeting their objectives. This information is centralized by the Human Resources department and can, where necessary, lead to recommendations for training, in order to allow all employees to improve their respective skillsets. Starting in 2019, Wendel conducts the performance reviews using a 360°feedback exercise to measure the contribution of each person and identify improvement opportunities more globally.

Information systems

The Company's IT systems are tailored to its current objectives and have been designed to support its future objectives. The systems' hardware and software employ security mechanisms for protecting the data they store (access protection, backup procedures). Wendel has decided to use cloud-based systems and a global solution (Microsoft Office 365) to maximize data security. As part of efforts to enhance data security and automate internal controls, Wendel deployed in 2020 an ambitious program for the roll-out of a integrated Finance and HR ERP using the Workday platform. Additionally, it improved, with the help of an external provider, its IT security in order to consolidate its strengths and readiness against cybersecurity attacks. Increased reliance on remote work, in a particular sanitary context, also made necessary Cyber security dedicated employee awareness campaigns. The addition of an outsourced CISO (Chief Information Security Officer) and SOC (Security Operations Center) further contributed to the improvement of IT systems.

3.3.3 Periodic assessments of main risks

Wendel

Note 16-1 to the consolidated financial statements as at December 31, 2020 and section 3.1 detail the main risks Wendel encounters, owing to its businesses and the way it is organized, and how those risks are covered.

Wendel SE and its governing bodies are organized in such a way as to allow for active risk management and internal control. The Executive Board assigns and distributes risk monitoring responsibilities to various departments of Wendel SE in the following ways:

- the Investment Team is in charge of monitoring subsidiary performance on a monthly basis, the operational risks specific to each equity investment and the acquisition and divestment process. It is also responsible for valuation risk on Wendel's assets with the support of the Finance department. In 2020, increased focus was made on conducting stress tests on Wendel and its Portfolio companies' financial performance given the Covid-19 pandemic and its impact on the global economy;
- the Executive Board and the Investment Team also review that the management team of each subsidiary and associated company is organized in such a way as to manage its risks properly and achieve its objectives;
- the Finance department monitors Wendel's SE financial risks (financial leverage, liquidity, interest rates, foreign exchange), cash management, and the quality of Wendel's SE financial counterparties, accounting regulations, the production of financial statements, the calculation of NAV, earnings forecasts, the estimates needed to prepare the financial statements and calculate NAV (together with other Wendel departments if necessary), and transaction security. Key indicators (changes in NAV, financial leverage, current and projected cash levels, and exposure to interest rates and exchange rates) are reviewed regularly so that the Executive Board can take measures insofar as possible to adjust Wendel's exposure to these risks if deemed necessary;
- the Group Internal Audit department is responsible for evaluating the internal control and risk management procedures of Wendel SE, its holdings and foreign offices, and its operating subsidiaries (portfolio companies);
- the Legal department is responsible for Wendel's legal security and reviewing that Wendel's SE transactions (financing, acquisitions, divestments, etc.) comply with all applicable laws and regulations and that the corresponding contracts are legally valid. More generally, the department is responsible for the proper execution of all transactions that Wendel undertakes as a long-term investor;
- the General Secretariat is responsible for ensuring that Wendel SE and its holding companies adhere to company law and laws governing market trading and Corporate governance, and to regulations on compliance, ethics, disputes and litigation, data protection; it is also in charge of general liability insurance for corporate officers, professional liability insurance, and intellectual property;
- the Tax department monitors tax regulations, ensures that Wendel's SE obligations *vis-à-vis* the tax authority are handled properly and guards against tax risks;
- the Communications and Sustainable Development department seeks to preserve Wendel's image and reputation and to stay abreast of environmental, social and governance (ESG) obligations;
- the Financial Communication department makes sure that the financial information communicated to investors and analysts is of high quality;
- the IT department is in charge of the prevention of IT risks (intrusion, data security and storage, business continuity, etc.) at Wendel SE, its holdings companies and foreign offices level;
- the Human Resources department is in charge of managing human resources risks;
- the international offices in Luxembourg, New York, provide the Group with business and investment advice for their respective regions.

To the extent necessary, each department may be assisted by outside experts (lawyers, bankers, brokers, Auditors, consultants, etc.) with approval of the Executive Board.

The Executive Board oversees the monitoring of risk and, together with each department, decides on the procedures that will be used to cover them. This takes place in Management Committee and Executive Board Meetings as described in the section on organization.

As indicated in the section on organization, the Executive Board discusses the main risks that could significantly impact the value of Wendel's assets with the Supervisory Board, whenever required and as part of the quarterly business report.

In addition, in accordance with Article L. 823-19 of the French Commercial Code, incorporated into the Supervisory Board's internal regulations, the Audit, Risk and Compliance Committee is responsible for monitoring the effectiveness of the Company's internal control and risk management systems. A map of the risks to which Wendel is exposed is prepared by Wendel's various departments, validated by the Executive Board and presented to the Audit, Risk and Compliance Committee. This map relates primarily to the risks borne by Wendel and its holding companies. It is reviewed on a yearly basis.

For certain principal risks identified in the mapping – *i.e.* those whose occurrence and/or intensity are considered the highest – a detailed analysis is formalized by the departments involved. This analysis is presented to the Audit, Risk and Compliance Committee. In addition, the Audit, Risk and Compliance Committee examines risk management at certain subsidiaries and associated companies. The Chairwoman of the Audit, Risk and Compliance Committee presents a summary of its findings to the Supervisory Board.

Portfolio companies

Portfolio companies manage their own risks, particularly operational risks, and take the necessary steps to understand and monitor them. It is for them to decide whether it is necessary to map these risks and to determine the action plans to be implemented each year.

Nevertheless, Wendel's SE presence in the governing bodies of its portfolio companies allows it to verify that major risks are actively monitored.

Wendel SE also draws on its Internal Audit department as well as those of its portfolio companies (when they have them), and on portfolio companies' risk reports to assess their main risks and internal control procedures.

Wendel also takes into account the conclusions of the Statutory Auditors of its portfolio companies. To improve communication, they are often part of the same networks as Wendel's SE Statutory Auditors.

3.3.4 Appropriate internal control processes

Wendel SE has set up processes to ensure that relevant, reliable information is communicated in a timely manner to all necessary employees so that they can perform their duties.

Operational and functional control activities

Investments and divestments

The Investment Committee meets regularly to examine progress made on planned acquisitions and divestments and to explore new opportunities. The committee includes the Executive Board, the Managing Directors of the Investment Team and of international offices, and the Chief Financial Officer. The Executive Board selects a team comprising people with the requisite expertise to review each opportunity. A senior member of the team acts as coordinator and is responsible for the investment/divestment recommendation. Once the analysis has been finalized, the companies involved have made an investment decision on the proposed transaction and the Executive Board has approved it, the transaction is presented to the Supervisory Board for authorization if the by-laws so require. The presentation includes an analysis of the impact of the transaction on Wendel's SE net income from operations, financial position and net asset value under various favorable and unfavorable assumptions, as well as an assessment of the identified risks. The team in charge of the transaction is then responsible for executing it, with the help of the Finance, Legal, and Tax departments, and that of top-level banks, strategy consultants, legal firms, and Auditors, to the extent necessary. Liability guarantees granted or received are presented to the Audit, Risk and Compliance Committee and to the Supervisory Board. The Boards of Luxembourg-based companies (on which sit independent directors) with unlisted shareholdings also approve investment and divestment operations.

Monitoring investments

Monitoring the existing portfolio involves:

- a monthly operational report from each portfolio company presenting trends in sales, profitability and financial debt, as well as non-financial indicators. These indicators are compared with previous periods and with budgeted figures. For some subsidiaries, short-term cash management and projection tools have also been implemented;
- quarterly business reviews for each portfolio company in which some corporate functions join the investment teams and the Executive Board to review business performance and other transversal topics (including ESG);
- regular work sessions with the managers of each portfolio company. The agenda for these meetings includes, in addition to a review of the business, an in-depth analysis of one or more important topics (procurement policy, optimization of business assets, research and development, analysis of the position of major subsidiaries, organization of internal control, coverage of financial risks, etc.);
- an annual Budget Meeting with each portfolio company, updated at additional meetings when new projections become available;
- numerous discussions or meetings organized with members of the management of each portfolio company, if required.

The members of the Investment and Development Committee present a summary of their work monitoring the portfolio companies for which they are responsible and make recommendations in the event significant decisions concerning these investments need to be made. Moreover, in order to strengthen dialogue with the subsidiaries and better understand their operating environment and the concerns of their respective management teams, Wendel SE is systematically represented on the governing bodies of the subsidiaries and, in particular, on their Audit Committees. This presence on the governing bodies of the portfolio companies gives Wendel SE and its representatives insight into whether risk management and internal control procedures are functioning properly.

Wendel SE Supervisory Board is kept regularly informed of trends in the economic and financial situation of the companies in its portfolio at the numerous meetings described in the section titled "An appropriate organization with clearly-defined responsibilities and powers."

Senior executives of most portfolio companies are chosen in agreement with Wendel SE. In addition, Wendel SE representatives take part in the governing bodies of each portfolio company, enabling it to closely monitor the compensation of their principal executives and ensure its incentive character. Wendel SE also thereby aims to align the interests of the executives with those of the company they manage.

Monitoring Wendel's financial position

Internal control procedures are designed to provide ongoing reasonable assurance that financial transactions are carried out under secure conditions and in accordance with objectives:

- trends in NAV, in financial leverage and in bank covenant compliance are regularly monitored;
- Wendel SE has been rated by Standard & Poor's since September 2002 and since September 2018 by Moody's;
- the Executive Board regularly monitors the indebtedness, liquidity position and cash projections presented by the Chief Financial Officer and regularly presents the debt and liquidity positions to the Supervisory Board;
- the Executive Board reviews the monthly reporting of the cash position and cash investments of Wendel SE and its holding companies;
- Wendel SE and its holding companies have a budget process with formal procedures and responsibilities, including budget tracking.

The procedures for preparing financial statements and the financial information communicated outside the Group are detailed in the section titled "Control activities to ensure reliable accounting and financial information."

Arranging financing

Financing terms and their implementation are approved by the Executive Board after an in-depth review of various solutions and an analysis of Wendel's SE financial situation prepared by the Chief Financial Officer. After the Legal department reviews the related contracts and legal documentation, financing transactions are executed under delegations of power and/or signature authority given by the Executive Board Chairman to the Chief Financial Officer, the Director of Legal Affairs, or a member of the Management Committee. Depending on the transaction amounts and characteristics, the by-laws require bond issues or new loans to be authorized by the Supervisory Board.

Exposure to interest rates and exchange rates is analyzed regularly by the Chief Financial Officer. The Executive Board decides whether or not to adjust interest-rate and exchange-rate exposure, and if necessary, appropriate financial instruments are put in place.

Procedures for preventing fraud and monitoring commitments and expenditure

The procedures for authorizing expenditure commitments at Wendel SE, its holding companies and foreign offices cover all of Wendel's commitments as well as the signatures needed for bank transactions *(via* delegated signature authority):

- estimates are submitted by several service providers. They are negotiated under the supervision of the Management Committee member or members in charge;
- expenditures are subject to a formal authorization procedure. Depending on the amount, they must be authorized by the Management Committee member in charge of the expenditure, by an Executive Board member, and/or by the Executive Board Chairman. Funding requests are compared with the budget, and invoices are approved after comparison with funding requests;
- only the Finance department can issue checks and transfer orders, backed up by supporting documentation, and it informs the Chairman of the Executive Board when the amount exceeds a certain threshold.

IT tools used in order to improve visibility on its commitments and better manage and track expenditures have been migrated in 2020 into the Finance ERP.

For the Group's foreign offices, the Chief Financial Officer has issued in 2018 a procedure for managing their finances and business administration. The Audit department carries out a formal audit of Wendel's foreign offices at least every 2 years to make sure they adhere to the Group's internal control policy. In 2020, the reduction of the Group's footprint which resulted in the closing of offices in London, Casablanca and Singapore contributed to the reduction of risks of operating remote locations.

Preservation of IT data integrity

In order to prevent the risks of abuse of and intrusion into computers and IT systems, the IT department is in charge of developing initiatives on data conservation and storage systems. In 2020, continued efforts were focused on improving data security and cybersecurity. More specifically, Wendel continued to implement its IT strategy, increasingly relying on SAAS (Software As A Service) IT solutions. IT security monitoring was also improved with the implementation of a outsourced Security Operations Center (SOC). Regular penetration testings are also conducted to measure the robustness and resilience of IT systems.

Control activities to ensure reliable accounting and financial information

The risks related to the preparation of Wendel's accounting and financial information mainly include the risk of error, risks inherent to the use of estimations (see notes 1.9 and 1.10 to the consolidated financial statements as at December 31, 2020), and risks arising from the valuations used to calculate NAV.

The internal control procedures designed to ensure that the annual (parent company and consolidated) and semi-annual financial statements present a true and fair view of the results of operations as well as Wendel's financial position and assets are as follows:

Procedures for the preparation and consolidation of the financial statements

Wendel SE applies International Financial Reporting Standards (IFRS) for its consolidated financial statements. The principal rules applicable are described in the annual financial report and are distributed to subsidiaries as part of the process for reporting and for preparing the financial statements. Because of the diversity of the subsidiaries' activities, Wendel SE leaves it up to each subsidiary to propose the accounting processes appropriate for its business. The Finance department and the head of consolidation at Wendel look at uniformity of treatment within the Group, in particular by examining accounting principles in the financial statements of each subsidiary.

In addition, Wendel's Finance department oversees the proper reporting of full accounting and financial information from the subsidiaries to Wendel using the following procedures:

- in coordination with the Finance department of each subsidiary, a schedule is set for the submission of financial statements with the supplementary information required for preparing Wendel's consolidated financial statements;
- Wendel's SE CFO or his staff meet with the Finance department of each subsidiary to prepare the closing and to review the highlights of the period as well as any significant or exceptional transactions;
- accounting information from subsidiaries is reviewed in detail and consistency checked with the financial information compiled by the investment team from subsidiaries' monthly activity reports.

The Chief Financial Officer is a member of the Management Committee and the Coordination Committee (see section titled "Persons involved in internal control at Wendel"), which enables him to review significant events likely to have an impact on the Group's consolidated financial statements, the parent company financial statements, or on the financial statements of holding companies. The Chief Financial Officer reports directly to the Executive Board and is thus fully independent of other Wendel departments.

Procedures for auditing of the financial statements

At the controlled subsidiary level:

- to secure better upward reporting to Wendel's Statutory Auditors, the Group engages the same auditing firms for all subsidiaries, to the extent possible. Selection criteria for the Statutory Auditors includes their ability to audit all directly- and indirectly-held subsidiaries throughout the world and to obtain audit results and any observed anomalies from the subsidiaries' Statutory Auditors;
- a representative of the Finance department attends end-of-audit or Audit Committee Meetings of subsidiaries under exclusive control and receives details of audit and internal control observations raised by the subsidiaries' Auditors during the course of their audit;
- one or more representatives of Wendel SE attend Board of Directors/Supervisory Board Meetings and/or Audit Committee Meetings of portfolio companies.

At the Wendel SE level:

- the Group CFO is responsible for accounting policies and compliance with accounting rules. If required, he has the authority to commission audits and informs the Executive Board of the results of any such audits. He regularly holds pre-closing meetings with the Statutory Auditors to follow-up on issues raised in previous financial periods and to explain how they were resolved. He also discusses transactions carried out during the financial period in question and the planned accounting treatment;
- the Executive Board is in regular contact with the Chief Financial Officer during the preparation of the financial statements. In particular, it is informed of the financial and accounting impact of any significant event, as well as estimates and judgments that have a significant impact on the financial statements. The Statutory Auditors and the Executive Board meet when subjects arise whose accounting interpretation is complex or whose impact on the financial statements is significant. The Chief Financial Officer also reviews all of Wendel's financial communication and is informed of any subject that is likely to have an impact on it;
- the Audit, Risk and Compliance Committee: this committee's remit, mode of operation and activity during the fiscal year are presented in detail in section 2.1.2.1. The committee can decide to seek independent expert advice to confirm its views on the Wendel's financial position. It also interviews the Statutory Auditors regularly to solicit their opinion about the reliability of the parent company and consolidated financial statements. Finally, the Audit Committee ensures that accounting methods are applied consistently from one year to the next, or that any changes to accounting methods are well founded.

Procedures for calculating NAV

NAV is calculated by the Finance department and finalized by the Executive Board under the procedure described in section 5.3. The Statutory Auditors verify that the methodology used for calculating NAV complies with the Group's methodology and confirm consistency with accounting data. NAV calculation and evolution are presented and discussed in Audit, Risk and Compliance Committee Meetings before presentation to the Supervisory Board and publication.

Internal control procedures related to financial information

Once the parent company and consolidated statements have been finalized and net asset value calculated, the Audit, Risk and Compliance Committee is asked to issue an opinion on this information before it is submitted to the Supervisory Board. These documents are also submitted to the Statutory Auditors for review (who also audit Wendel's full-year parent company and consolidated financial statements).

3.3.5 Review of the internal control system

The processes implemented at Wendel allow the Company to regularly verify their effectiveness and take steps necessary to improve them.

In addition to the controls carried out by all managers, internal controls are reviewed from two complementary perspectives:

Audit of internal control practices

This audit includes checks of the internal control system and helps with risk management at entities in the scope of consolidation.

A comprehensive review of the internal control system is carried out using detailed self-evaluation questionnaires.

Since 2007, Wendel SE has carried out a number of reviews relating to internal control, relying on the framework set down by the AMF in its January 21, 2007 recommendation and on its application guide updated in July 2010.

The reviews are based on a self-evaluation questionnaire that has extensively updated in 2019 to better adapt it to Wendel Group's specific features and activities, *i.e.* by identifying the specific areas of risk, such as financial risks.

Wendel Group completes the questionnaire once a year and distributes it to its principal, fully-consolidated portfolio companies. Since 2019, deployment is made through an online platform for better efficiency, and improved traceability and follow-up of action plans.

The questionnaire has two parts:

1) **Entity-Level Controls (General principles of risk management and internal control):**
   - governance and ethics principles,
   - organization and operating methods,
   - internal dissemination of information,
   - risk management,
   - internal control oversight,
   - control activities on key processes;
2) **Process level controls both operational and related to the preparation of accounting and financial information:**
   - purchase to pay and inventories,
   - human resources management,
   - order to cash,
   - management of tangible and intangible assets
   - Financial Statement Closing process and Consolidation,
   - tax management,
   - organization and security of IT systems.

Wendel SE Internal Audit reviews responses through on site visits of portfolio companies. The Audit Committees of subsidiaries subject to controls (for those that have Audit Committees) also examine and analyze the replies given in the questionnaires. The data gathered make it possible to prepare and track improvement plans for the control points that require it. The findings of the questionnaires were given to Wendel's Audit, Risk and Compliance Committee, and a summary of the replies were used in preparing this report.

3.3.6 Achievements in 2020

The application of procedures implemented in previous years was reviewed and improved in 2020 where necessary.

In 2020, Wendel continued its efforts on compliance related matters in the context of *Sapin 2* and GDPR, more specifically the 8 pillars of *Sapin 2* regulation were ported on a unique online platform dedicated to Compliance. Connected to the Finance ERP (of which the implementation was concluded in the second semester of 2020) this platform ensures full traceability of transactions and authorizations, as well as controls automation. In the controlled portfolio companies subjected to *Sapin 2,* Wen*del moni*tored progress through Audit, Risk and Compliance Committee Meetings.

Dedicated trainings deployed to all employees to increase awareness and keep them updated on the compliance rules applicable to Wendel and its employees are now completed annually.

Deployment of the Finance and Human Resources ERP has also been on 2020 an important factor contributing to process improvement, transparency in operations and related transactions.

The process for internal controls evaluation at Wendel and in its portfolio companies had been redesigned in 2019, making 2020 a year of consolidation and expansion of the framework to the newly acquired portfolio company. The concentration of Wendel's footprint (with the closing of offices in London, Casablanca and Singapore) allowed for a more compact team and consequently reduced the risks inherent to the management of remote operations.

Finally, in a particular sanitary context, which say remote work becoming the norm, projects started in 2019 to reinforce IT governance and security were accelerated. Raising employee awareness on Cyber security issues and reinforcing IT security globally became a strong focus with the creation of a CISO function and the launch of dedicated Security Operations Center (SOC). The same focus was applying with increased attention in the controlled portfolio companies.

4

EXTRA-FINANCIAL INFORMATION

4.1 Wendel

4.1.1 Extra-Financial Performance Declaration: reporting methodology

In the context of Decree No. 2017-1265 of August 9, 2017 transposing Directive 2014/95/EU of October 22, 2014 setting out the rules relating to the publication of extra-financial information in the management report provided for in Article L. 225-100 of the French Commercial Code, Wendel has produced the *Extra-financial Performance Declaration* (EFPD) presented in the following pages for the 2020 fiscal year.

Unlike the previous reporting framework (Grenelle 2), the companies concerned must publish the following information:

- an overview of the business model;
- a description of the main risks related to the business, covering social and environmental aspects and, where applicable, respect for human rights and the fight against corruption and tax evasion, including where relevant and proportionate, the risks created by the business relationships, products or services;
- a description of the policies applied, including, where applicable, the due diligence procedures implemented to prevent, identify and mitigate the occurrence of these risks;
- the results of these policies, including key performance indicators.

Business model as of December 31, 2020

MISSION

Wendel works alongside entrepreneurial management teams to build industry leaders with a long term perspective

VALUES

Engagement
Excellence
Entrepreneurial spirit

GOVERNANCE

SUPERVISORY BOARD [(1)]

13 members,
including 6 members of the Wendel family and 2 employee representatives

45% independent members [(2)]

45% women [(3)]

Audit, Risks and Compliance Committee

Governance and Sustainability Committee

EXECUTIVE BOARD

2 members appointed
by the Supervisory Board for a 4-year term

COMMITTEES

Management Committee
Investment Committee
Coordination Committee
ESG (Environment, Social, Governance) Committee

ESG STRATEGY

BE A ROLE MODEL EMPOWER EXCELLENCE & ENGAGEMENT

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

Compliance program covering in particular the anti-bribery (Sapin II) law

98% of employees trained in business ethics

Carbon footprint assessment
and actions to reduce its carbon footprint

Foster employability, inclusion, wellbeing, and engagement of the employees through concrete actions

Signatory of the **France Invest Parity charter**

Employee surveys and initiatives to promote **quality of life at work**

Skills **sponsorship program**

BUILD SUSTAINABLE COMPANIES

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

100% of investment opportunities are audited in coherence with the exclusions list and ESG due diligence

80% of controlled companies have formalized an ESG roadmap (100% among companies acquired more than 18 months ago)

Sponsorships

Partnership with Insead since 1996, with the creation of the Wendel International Center for Family Enterprise

Founding sponsor of the Center Pompidou-Metz since 2010

Wendel Endowment Fund

RESOURCES

PERMANANT CAPITAL

Family shareholding

39.3% of share capital held
by Wendel-Participations SE and related parties [(4)] (reference shareholder)

Employee shareholding

89.4% employees are shareholders
and own 0.9% of share capital

Individual investors

18.8% of share capital held
by nearly 23,000 individuals

Institutional investors

37.7% of share capital held,
in 37 countries

Bond investors

accounting for **c. €1.6 billion**

HUMAN CAPITAL

85 employees
located in Paris, Luxembourg and New York

54% of staff are women

36.8% of investment team members are women

(1) The composition of the Supervisory Board is as of 01/01/2021. (2) Percentage excluding members representing employees. Beyond the requirements of the Afep-Medef Code. (3) Percentage excluding members representing employees; including these members the percentage rises to 53.8%. Beyond the legal requirements and the Afep-Medef Code. (4) In accordance with Article L. 233-10 of the French Commercial Code, the data include Wendel-Participations SE, its Chairwoman, Priscilla de Moustier, and Société Privée d'Investissement Mobiliers (SPIM).

OUR INVESTMENTS

Wendel invests its capital, generally as a 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 verification 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

WENDEL LAB

Investment in innovation
Since 2013

OTHER ASSETS

VALUE CREATED WITH AND FOR STAKEHOLDERS

MEASUREMENT OF VALUE CREATION

Nearly €9 billion of gross assets

Over €4 billion in market capitalization

Net asset value (NAV) of €159.10 per share on 12/31/2020, down only 4.3% in 2020 and only 2.6% when adjusted for the dividend paid in 2020

Overall yield (dividends re-invested) of 10.2% per annum since 06/13/2002 (5)

Payment of a stable dividend of €2.80 per share approved by the Shareholders' Meeting on 07/02/2020

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: **250 virtual meetings**

Wendel Shareholder Advisory Committee: **3 virtual meetings**

Letter to shareholders: **3 letters**

Governance roadshows

Independent lead director

EMPLOYEE DEVELOPMENT AND VALUE SHARING

29.5 hours of non-mandatory training per employee

Profit-sharing agreement, Group employee savings plan, collective pension fund

Supplementary pension plan

90% of employees were awarded stock options and/or performance shares

Reimbursement of daycare expenses

Supplemental insurance, contingency benefits

On 12/18/2020, Wendel finalized the sale of the South African company Tsebo to a consortium of investors and to the company's management.
(5) The overall yield is as of 03/31/2021.

4.1.2 Organization of ESG governance

Wendel believes that corporate ESG (Environment, Social, and Governance) issues are a driver of growth and progress for the Company. Through its long-term action, Wendel encourages its companies to implement ESG practices. At the same time, it defines its own ESG policy that is adapted to its role of investor and applied by a core team of professionals. ESG issues are addressed at all levels of governance.

The Sustainable Development department established by Wendel in 2011 coordinates initiatives in this area. It relies on an ESG Steering Committee set up by the Executive Board in 2012 and strengthened in 2020 as part of the ramping up of Wendel's ESG strategy. Its members represent Wendel's different business and support divisions: Internal Audit department, General Secretariat, Communications and Sustainable Development department, Financial Communications department, Human Resources department and Finance and Operational Resources department. The ESG Steering Committee is now chaired by David Darmon, Group Deputy CEO and member of the Executive Board. It meets every six weeks to carry out in-depth monitoring of the Group's ESG ratings, new programs, and progress made on rolling out the ESG roadmap for 2023.

The Communications and Sustainable Development department reports to the Executive Board, which regularly discusses ESG issues during its meetings. The Supervisory Board also carries out regular monitoring of ESG, both at plenary sessions and within the Audit, Risks and Compliance Committee and the Governance and Sustainable Development Committee. Thus, in 2020, the Supervisory Board benefited from dedicated presentations during the year, in particular as part of the roll-out of the Group's new ESG strategy and the publication of the Wendel Extra-Financial Performance Statement (EFPD).

Wendel adopted a Code of Ethics, which was completely revised in 2020, which embodies the values of the Company's employees and shareholders, and supplies the frame of reference for Wendel's role as a long-term investor. With a view to continuous improvement and in order to go further in its commitment to responsible practices, this Code of Ethics now includes new sustainability issues: the Code specifies the Group's commitments to uphold human rights, environmental protection, a good working environment and responsible investment. The Code of Ethics applies to all employees and managers of the Company, its holding companies and its sites. Wendel requires companies in which it invests to adopt similar standards.

4.1.3 Sustaining dialogue with stakeholders

Wendel considers as stakeholders all persons or organizations directly or indirectly involved in the Company's business. The Group endeavors to maintain a regular dialog with each of them. This inclusive approach underpins the Company's strategy in both its economic and societal aspects.

By maintaining such a dialogue, Wendel establishes a lasting relationship in the interests of all. The main methods of interaction with these stakeholders are as follows:

Stakeholder	Dialogue methods
Wendel portfolio companies	■ Attendance and voting at meetings of the Board of Directors ■ Strategic and operational support (investment teams, operating partners, compliance and ESG teams, specialized consultants, etc.)
Financial community (equity and credit)	■ Analyst conferences and regular press updates on the day on which annual results are published ■ Annual Investor Day ■ Conference calls/webcast for half-year results, first and third quarter turnover, and other *ad hoc* strategic events ■ Credit, equity, Governance and ESG Roadshows ■ Annual General Meeting ■ Publication of communication materials relating to our business (press releases, brochures, letters to shareholders, website, social media…) ■ Individual Shareholder Advisory Committee ■ Perception Studies
Non-executive employees	■ Surveys on quality of life at work ■ Social dialogue with employee representative bodies (if applicable under local regulations) ■ Organization of dedicated discussion times (*e.g.* Get to know your colleagues) and personnel meetings ■ Annual 360° assessments ■ Corporate seminars
Suppliers and service-providers	■ Third-party assessment process ■ Call for tenders or competition for larger service-providers ■ Assignment meetings and postmortems
Local non-profits and community organizations	■ Philanthropic initiatives *via* financial donations or skills sponsorship ■ Organization of team seminars
Trade associations	■ Participation in working Groups on the challenges faced by our sector

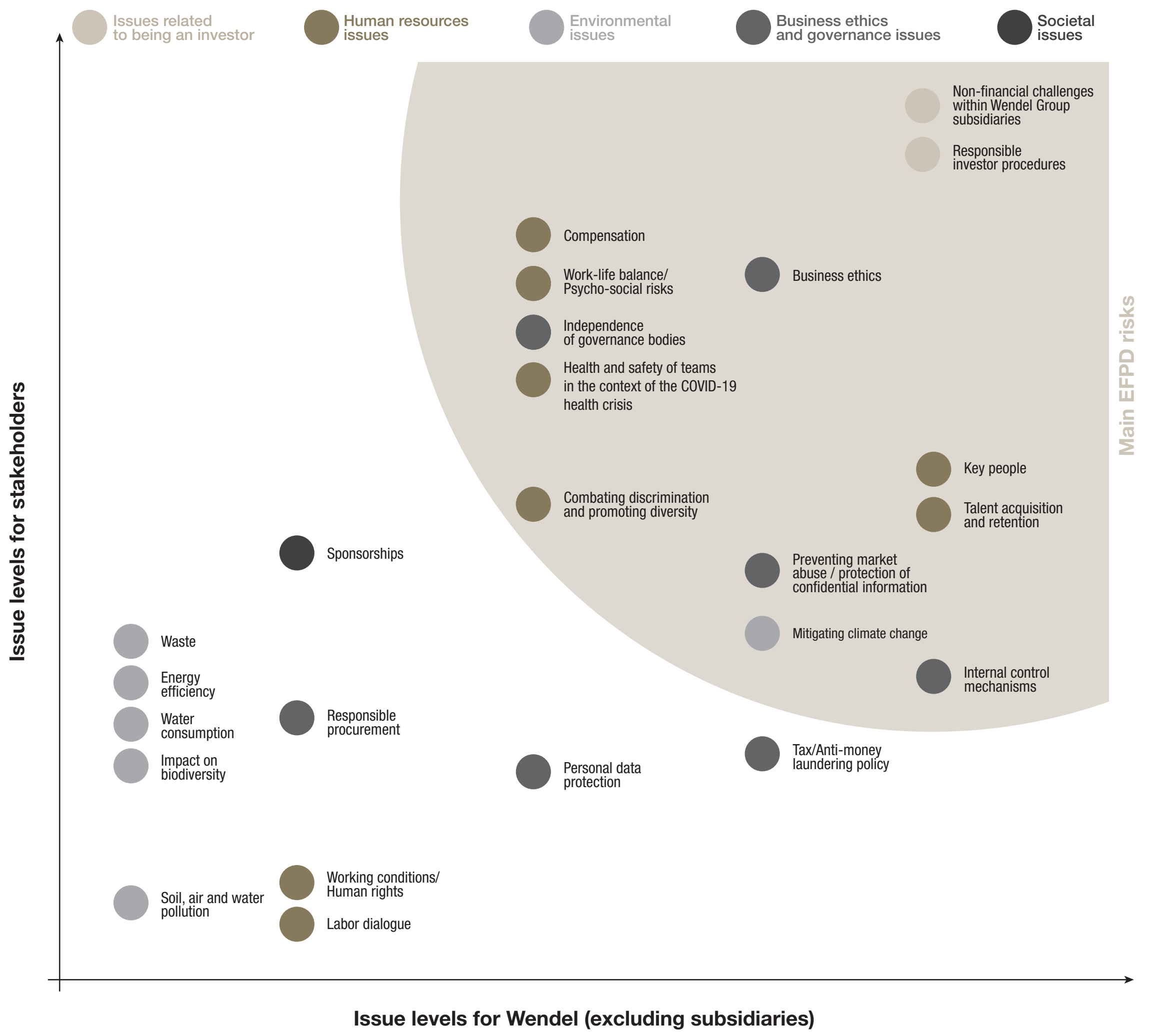
4.1.4 EFPD requirements

At the Wendel level

As part of the development of its first materiality matrix in 2018, Wendel identified the main extra-financial risks relating to its business, based on operational risks, interviews with its various departments, the international SASB reference framework and the reports of extra-financial rating agencies. This risk analysis is updated annually to ensure its relevance, with collaboration by the departments of sustainable development and communication, human resources, internal audit, finance and the General Secretariat. In 2020, this risk matrix underwent two changes, at the initiative of the ESG Steering Committee:

- The challenges related to human resources have been supplemented to include risks related to the health and safety of teams in the health context of COVID-19;
- Risks related to climate change are now considered as priority ESG risks for the Group, as the effects of climate change and the regulatory measures aimed at mitigating them are set to increase in the coming years and impact Wendel's investment activity.

The main risks that have been identified are those presented in the upper circle of the following matrix:



In addition to the most material risks for its business, Wendel has identified other non-material ESG risks that are also addressed in this extra-financial performance statement, in order to align it with the Group's ESG strategy rolled out in early 2020 (Presented in section 4.1.7).

These main risks - as defined by the EFPD – as well as their mitigation policies-action plans and tracking indicators are presented in this chapter and are identified in the summary by the following icons:

EFPD

Risk Description

Policies and results

The cross-reference table below links the extra-financial information required in the Extra-financial performance declaration (EFPD) with the other parts of the Wendel Universal Registration Document, when they are relevant to the Company's main risks or policies, in accordance with Article L. 225-102-1 of the French Commercial Code.

Topics	Paragraph
Business model	
Description of the main businesses (business segments and/or divisions), products or services, including key figures (volume of activity, headcount, results) by business/division and/or geographical area	Introductory guide and chapter 1
Interactions within its subsidiaries/business segments (*i.e.* customer categories, potential partnerships, use of subcontracting, competitive positioning, relations with stakeholders, etc.)	Competitive positioning: section 1.2
Challenges and outlook for the entity and its businesses (*i.e.* market trends, ongoing transformations, sectoral sustainable development issues, etc.)	Strategic orientations: p. 24 & section 1.3.4
Information relating to value creation and its distribution among stakeholders	Dividends: section 8.1.2 Supporting and strengthening our commitments to civil society – section 4.1.7.1
Vision and objectives of the entity (*i.e.* values, strategy, transformation or investment plan)	Part 1.3
Main risks related to Wendel's business	
Extra-financial issues within Wendel Group subsidiaries and responsible investment procedures	Section 4.1.7.1.2 - Promoting employability, inclusion, well-being and commitment through concrete actions
Risks related to the human resources of Wendel teams	Section 4.1.7.1.1 - Ensuring exemplary governance
Risk of non-independence of governance bodies and control mechanisms	Section 4.1.7.1.1 - Strengthening and preserving the Group's business ethics
Risks linked to business ethics	Section 4.1.7.1.1 - Measuring and managing our environmental footprint
Risks related to climate change	Section 4.1.7.2 - Assessing and managing the portfolio companies' exposure to transition and physical climate risks
Other information disclosed by Article L. 225-102-1 of the French Commercial Code	
The social consequences of the business, particularly with regard to collective agreements and their impact, the fight against discrimination and the promotion of diversity, societal commitments, disability	Section 4.1.7.1.2
The environmental consequences of the business, in particular with regard to climate change, the circular economy, food waste, the fight against food insecurity, respect for animal welfare and responsible, equitable and sustainable nutrition	The climate challenges of Wendel's business are among the main risks facing the Group The circular economy approach implemented within the Company is presented in section 4.1.7.1.1 - Measuring and managing our environmental footprint Other environmental risks have not been identified as relevant to Wendel's activity as an investor (apart from risks related to the activities of controlled companies)
The impact of the business on respect for human rights	Promotion of and compliance with the provisions of the ILO fundamental conventions and with human rights -4.1.7.1.2- page 189 Vigilance plan -4.1.5
The impact of the business on the fight against corruption	Section 4.1.7.1.1 - *Strengthening and preserving the Group's business ethics*

At the Wendel Group subsidiary level

Wendel is the majority shareholder of Bureau Veritas, Constantia Flexibles, Cromology, Stahl and CPI. The financial statements of all of these companies are fully consolidated in the Group's consolidated financial statements and must be included in Wendel's Extra-financial Performance Declaration and its review by an independent verifier (IV), in accordance with the provisions of Article L. 225-102-1 of the French Commercial Code.

As a result, the same exercise was carried out in each of the companies in the consolidated portfolio and was updated for fiscal year 2020. Wendel, assisted by an external consulting firm, provided a methodology for identifying and prioritizing the main extra-financial risks to the companies in the scope in question (excluding Bureau Veritas): Cromology, Constantia Flexibles, Stahl and CPI. The results of this work have been validated by the appropriate governing body of each company in the portfolio and the risk analysis methodology used to obtain them was reviewed by an independent third-party body. The main risks are presented for each of the companies that it controls (section 4.2. - *Wendel subsidiaries reviewed by an independent third party*).

Bureau Veritas, Wendel's largest controlled company, listed on Euronext Paris and included in the Next 20 index (Compartment A, ISIN Code FR0006174348, stock symbol: BVI), publishes its own EFPD. In the section of this chapter about portfolio companies, Wendel publishes a summary of the extra-financial information from Bureau Veritas.

In addition, the data on the companies that it controls published in section 4.1.7.2 - *Wendel, investing for the long term: Building sustainable businesses* concerns the fully consolidated subsidiaries (Bureau Veritas, Constantia Flexibles, Cromology, Stahl and CPI).

Every Group subsidiary and associated company is expected to develop an ESG policy addressing its specific issues. However, as part of its ESG roadmap, Wendel encourages the companies concerned to take into account the fight against climate change, the safety of employees and consumers, gender parity and the ESG performance of the product offering and services. Each company has therefore established targets and action plans based on its sector's regulatory environment and its individual growth strategy. Group companies operate in very different fields (see section 1.4 "*Subsidiaries and affiliates*") and are at different stages of maturity in implementing dedicated ESG policies and indicators. Wendel therefore does not consider it appropriate to consolidate all indicators used since this information would have no operational significance, but has chosen to publish mainly indicators for monitoring the ESG policies of the companies it controls. However, to provide a comprehensive reading of the portfolio's performance, Wendel publishes consolidated indicators for certain themes where relevant.

4.1.5 Duty of Care

In 2016, in response to the requirements of the law of March 27, 2017 on the Duty of Care, Wendel's CSR Steering Committee set up a working Group to create a vigilance plan applicable to the Group companies affected by this regulation. The principal Group companies affected by the Duty of Care are Bureau Veritas, Constantia Flexibles, Cromology and Stahl. Given the recent acquisition of CPI, this company will be able to present its level of compliance with the law's requirements in the next fiscal year.

With regard to information published pursuant to Article R. 225-105-1 of the French Commercial Code, a certain number of tools and procedures had already been implemented on topics covered by the duty of care.

As an investment company that acts as a professional shareholder, Wendel does not take part in the operational management of its subsidiaries. It ensures that the risks targeted by the Duty of Care regulation are taken into account by the subsidiaries it controls, however, to the extent they relate to their business. In this context, the relevant companies completed a questionnaire about their risk environment with respect to the topics covered by the Duty of Care regulation:

- preventing violations of human rights and fundamental freedoms;
- personal health and safety;
- preventing harm to the environment.

On the basis of this questionnaire, vigilance plans were drawn up by the companies within the relevant scope in accordance with applicable regulations and are published in this Universal Registration Document. In 2020, a review of prevention plans and policies was conducted by the independent verifier of the extra-financial information of Wendel and its subsidiaries. The conclusions of this review were communicated to the companies.

As Wendel is a holding company made up of a small management team, its duty of care largely relates to its controlled companies and is thus covered in the EFPD. In fiscal year 2020, Wendel nevertheless took the following steps to reinforce its approach to preventing any potential detriment to human rights, personal health and safety, and the environment:

- overhaul of the Group Code of Ethics to clarify the commitments made in terms of upholding human rights, responsible employment, environmental protection and community engagement. It should be noted that compliance with these commitments also applies to our investment activities. The Code of Ethics applies to all employees and managers of the Company, its holding companies and its sites. Wendel also requires the companies in which it invests to adopt similar standards. In 2020, all of the Group's teams received training to better understand and take on Board the principles of the Code of Ethics;
- adoption of remote working rules in accordance with the regulations applicable to on-site and remote working in the countries where the Group operates. Wendel's teams are also in constant dialogue with the management teams of the companies within its portfolio in order to support and advise them in the management of the various episodes of the COVID-19 pandemic, so that the best measures are taken to protect employees while ensuring business continuity;
- launch of an analysis of the climate risks to which the companies in the Wendel portfolio are exposed, in order to identify and prevent potential business risks caused by the increase in extreme climate events, as well as risks to people and the communities in which the Group's subsidiaries are located;
- a study conducted by an external firm on the nature of the purchases by the Wendel SE holding company, prior to the implementation of a responsible purchasing process to be launched in 2021. The purpose of this study was to identify potential social or environmental risks based on purchases made in 2019. Due to the size of the Company and the nature of the purchases made, no suppliers or sectors likely to be seriously detrimental to human rights or the environment have been identified.

In 2020, Wendel also completed and strengthened its third-party assessment process, notably through the implementation of the Wendel Protect tool. Wendel's internal whistleblowing procedure may also be used to report serious social and environmental breaches, as set out in the Duty of Care regulations. It is available on Wendel's website, in the ESG section: www.wendelgroup.com.

The vigilance plan of each entity controlled by the Wendel Group is presented in the section of this chapter devoted to it.

4.1.6 Highlights of Wendel's ESG commitment in 2020-2021

February 2020 - Wendel organizes a roadshow dedicated to governance topics for its institutional investors and the main proxy advisors

April 2020 – Wendel's head office (Paris) uses energy from 100% renewable sources.

May 2020 – Wendel is now a signatory of the United Nations Principles for Responsible Investment (PRI).

June 2020 – Revision and publication of the Wendel Code of Ethics, now incorporating commitments on human rights, environmental protection, community engagement and responsible investment.

July 2020 – Wendel ranks 24th in the ranking on the representation of women on SBF120 governing bodies.

July 2020 – Presentation of the ESG strategy at the Group's Annual General Meeting.

August 2020 – Wendel is classified as "Low risk" by the extra-financial rating agency Sustainalytics.

September 2020 – Wendel takes part in European Sustainable Development Week *via* a dedicated social media campaign.

September 2020 – All Wendel employees receive training on the new Code of Ethics in order to incorporate these new sustainability principles into their activities effectively.

October 2020 – Wendel ranked fourth in the Transparency awards organized by the publisher Labrador, and was awarded the Gold Label.

October 2020 – Launch of a survey on well-being at work for all Wendel employees.

November 2020 – Wendel joins the World and Europe Dow Jones Sustainability Index.

November 2020 – Presentation of the Group's ESG Strategy to the financial community on Investor Day.

December 2020 – Wendel receives a B rating in response to the Carbon Disclosure Project's Climate Change questionnaire.

December 2020 – Wendel becomes the first French issuer to present its ESG strategy to the French Society of Financial Analysts.

January 2021 – Wendel launches an analysis of the risks and opportunities related to climate change in its portfolio.

January 2021 – Wendel scores 69/100 on the extra-financial questionnaire, Gaia Rating.

February 2021 - Wendel organizes a roadshow dedicated to governance topics for its institutional investors and the main proxy advisors

February 2021 – Wendel becomes a member of the United Nations Global Compact.

March 2021 – the Wendel Group announces the inclusion of ESG objectives in the financial conditions of its €750 million undrawn syndicated loan maturing in October 2024.

Summary of Wendel's extra-financial ratings in 2020

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA	Inclusion in the World and Europe Dow Jones Sustainability Index with a score of 71
MSCI	Double AA rating, ranked among industry leaders
SUSTAINALYTICS	Classified as "Low Risk", and first among its peers with the same level of market capitalization
CDP DRIVING SUSTAINABLE ECONOMIES	B rating (first participation in 2020) – marks a sustained consideration of the impacts of climate change on the Group's activities
Gaïa RATING	Score of 69/100, above the industry average (51/100)

4.1.7 Wendel Group's ESG strategy

Wendel's ESG approach is based on responsibility and is rooted in a firm belief in the core values of Engagement, Excellence, and Entrepreneurial Mindset.

These values guide Wendel's behavior both as a company and as an investor in order to accomplish its mission: partnering with entrepreneurial teams to build sustainable leaders **whose long-term performance will create value for all stakeholders.**

To this end, and as part of the new ESG strategy published in early 2020, Wendel has identified **two main drivers:**

(1) its behavior as a company, and its commitment to its employees and communities, the Group aims to become a role model for its peers, by adopting a responsible attitude in all its projects;

(2) its behavior as an investor. As a professional shareholder investing for the long term, Wendel wants to have a positive impact on society and contribute to a sustainable future, by supporting its companies in their transformation to become sustainable leaders.

Wendel as a responsible company: LEAD BY EXAMPLE - EMPOWER EXCELLENCE & ENGAGEMENT		Wendel investing for the long term: BUILDING SUSTAINABLE COMPANIES
Uphold the highest governance, ethics, environmental and operationnal 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

In order to successfully carry out its mission, Wendel has made commitments and set clear and measurable goals to develop its ESG performance as a company and that of its portfolio companies. The Group has also deployed the necessary resources to meet these new expectations.

The main extra-financial risks identified by Wendel (extra-financial risks within the subsidiaries, risks related to human resources, governance bodies and control mechanisms, and business ethics) as well as the mitigation procedures in place, are addressed in this presentation of the Group's strategic approach.

4.1.7.1 Wendel, a Responsible Company: Lead by example - empowering excellence and engagement

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

Ensuring exemplary governance

Independence of governance bodies EFPD

Risk Description

Wendel has a controlling shareholder, Wendel-Participations SE which, as of December 31, 2020, holds 39.31% of Wendel's share capital and 51.72% of the theoretical voting rights. This could result in a risk of conflict of interest or non-compliance with the principle of equality between shareholders.

Policies and results

Various good governance measures have been taken to avoid this risk. Firstly, the dual structure of Wendel, a company with an Executive Board and a Supervisory Board, makes it possible to clearly separate the management functions performed by an independent Executive Board from the supervisory functions exercised by the Supervisory Board (see section 2.1.7 "Distribution of powers between the Management Board and the Supervisory Board"). Within the Supervisory Board itself, independent members represent 45% of members (excluding employee representatives), which exceeds the recommendations of the Afep-Medef Corporate governance Code (see section 2.1.1 "The Supervisory Board and its operations"). In addition, since 2018, the Chairman of the Wendel Supervisory Board is no longer also the Chairman of the Board of Directors of Wendel-Participations. Lastly, the Supervisory Board's internal rules provide for a procedure for the prevention and management of conflicts of interest, and assigns a specific assignment to the lead member of the Supervisory Board (who is an independent member) in matters of conflicts of interest with the majority shareholder.

Robustness of internal control mechanisms EFPD

Risk Description

Wendel must ensure the effectiveness of the internal control of its own organization and that of its consolidated subsidiaries, in order to control risks relating to their operational activities.

Policies and results

For internal control procedures, refer to section 3 (see section 3.3 "Risk management and internal control system").

Strengthening and upholding business ethics within the Group

Risk Description

In terms of business ethics, Wendel has identified the following risks as main risks based on EFPD definitions:

- combating corruption;
- preventing market abuse.

Other risks related to business ethics are taken into account by Wendel and referred to following the presentation of these two priority EFPD risks.

Anti-corruption EFPD

Risk Description

The risk mapping produced for Wendel (namely Wendel SE, its holding companies and foreign offices) showed that a corruption risk could arise from some of its activities, particularly its investment arm. For example, this risk could arise in the case of an investment to influence the outcome of a competitive process or to obtain specific authorizations or confidential information.

Corruption distorts competition and normal market conditions. Should it occur, it would be highly damaging to Wendel's reputation and those responsible or who allow it to occur. It would expose Wendel to particularly damaging financial consequences as well as administrative and criminal sanctions. It could disrupt the Wendel Group's operations and destabilize its activities.

Policies and results

At the Wendel level

The Executive Board has identified the prevention and detection of acts of corruption as a priority for the Wendel Group and is committed to a policy of zero tolerance towards corruption. Any use of corrupt practices in the Wendel Group's operations, as well as in its relations with partners or third parties, whether public or private, is strictly prohibited.

To prevent this risk, the Executive Board has put in place a robust anti-corruption and influence peddling program in accordance with the Sapin 2 Law and the recommendations of the French Anti-Corruption Agency (AFA). The Group Compliance department and the Internal Audit department monitor, control and reinforce it.

Wendel's corruption prevention policy was completely overhauled and circulated in 2019 to adapt it to the specific risks associated with Wendel's activities as identified in the risk mapping. This policy has been incorporated in the "Employees Handbook" and failure of Wendel employees to comply with its obligations may result in disciplinary sanctions up to and including dismissal for misconduct. A future update of this policy is planned to take into account changes to the system as well as the new AFA recommendations published in the government gazette on January 12, 2021.

An Anti-Corruption Compliance charter aimed at defining the role and responsibilities of Wendel's compliance function was formalized and circulated to Wendel employees in 2019. This charter is also accessible to employees on the Wendel intranet.

With regard to the effective implementation of anti-corruption policies, a monitoring and control plan specific to Sapin 2 has been designed and implemented. In the course of 2020, a tool dedicated to compliance and internal control – Wendel Protect – was rolled out to streamline and optimize compliance processes and improve their monitoring.

In particular, the processes specific to gifts and entertainment, as well as to conflicts of interest, have been strengthened. Their deployment in Wendel Protect has resulted in the implementation of a system for declaring and authorizing gifts/entertainment and conflicts of interest, thus enabling better traceability.

Concerning the whistleblowing system, the associated policy was distributed to all employees in 2019; a reminder of the system in place was given in 2020 during the "business ethics" training to ensure that everyone is aware of it and understands how to use it and hot to submit a report in the system. This policy is available on Wendel's website, in the ESG section, www.wendelgroup.com. No reports were received in 2020 *via* the whistle-blowing system.

In addition, Wendel regularly conducts a review of corruption-related risk mapping (last full update: end of 2019). The results and associated action plan were presented to Wendel's Executive Board and Audit Committee in early 2020. In the course of 2020, no new risks of corruption were identified which highlighted the need to update the mapping at a later date.

As part of the roll-out of Wendel Protect, Wendel has also strengthened the process for assessing third parties, creating a strong link with the accounting system and preventing any payment to a third party that has not been previously assessed. The process in place ensures different levels of vigilance for its counterparties depending on their risk exposure. In addition, certain categories of expenditure (in particular gifts and donations) are audited.

With regard to its investment activity, Wendel performs the most thorough due diligence possible in terms of corruption prior to any acquisition, merger or partnership.

Several training sessions were provided in 2020 to raise awareness among all employees of the risks of corruption: a general training course on business ethics, as well as training on more specific subjects (in particular assessing third-parties, handling gifts and invitations).

Finally, all of these measures will be audited by Wendel's Internal Audit department in 2021.

Controlled companies in the portfolio

Wendel also ensures the implementation of the measures prescribed by the Sapin 2 law within the controlled companies in its portfolio. Wendel requires the Sapin 2 program to be regularly on the agenda of their Audit Committees and holds regular meetings on this topic with the Compliance Heads of portfolio companies in order to offer them guidance and discuss specific points.

In 2020, Wendel supported its new American subsidiary Crisis Prevention Institute (CPI) – the last company added to its portfolio, acquired at the end of 2019 – to implement the eight pillars of the Sapin 2 law. In addition, in order to continue to monitor the progress made in this area, each of the companies in the portfolio has produced an annual report on the Sapin 2 measures, presenting the main improvements made as well as the action plan planned for 2021.

Finally, each year the companies sign a Statement of Compliance in respect of the obligations regarding corruption under the Sapin 2 law.

Preventing market abuse EFPD

Risk Description

Given its activity as an investor and its status as a company listed on the Euronext Paris regulated market, there may be inside information about Wendel. Inside information is classed as such if it is information of a precise nature, which has not been made public, relating directly or indirectly to the companies within the Wendel Group or their securities and which could have a significant impact on the price of the securities in question (see Article 7 of Regulation (EU) 596/2014 of the European Parliament and the Council of April 16, 2014 on market abuse – "MAR Regulation"). Under this framework, Wendel has a duty to prevent any market abuse.

Policies and results

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

A Market Confidentiality and Ethics Code sets out rules for all Wendel employees and corporate officers to prevent market abuse. The main rules introduced by this Code are presented in section 2.1.8 of the Universal Registration Document. The Code is regularly reviewed and updated. The main provisions applying to Supervisory Board members have been incorporated into the Supervisory Board's rules of procedure.

Wendel complies with the MAR regulations: insider lists are set up whenever necessary and blackout periods – during which all transactions on the Wendel shares are prohibited – have been introduced. A Compliance Committee – made up of the members of the Executive Board, the Ethics Officer and the Chief Financial Officer – oversees compliance with market regulations at Wendel. Moreover, a procedure for classifying inside information has been put in place

In September 2020, a training course on business ethics was given to Wendel employees, during which the rules and sanctions applicable to market abuse were reviewed.

In January 2021, Wendel implemented a new digital tool to manage insider lists, confidentiality lists and black-out periods. This tool makes it easier to inform the people concerned about these issues and send their confirmations, and allows for better traceability.

Other initiatives supported by Wendel's compliance program

Wendel pays particular attention to the implementation of its compliance program in a constantly changing regulatory environment. Indeed, Wendel intends to behave ethically in all its activities and wishes to prevent the risks of non-compliance. To this end, in addition to the measures already presented above, which represent the measures put in place to manage the most significant regulatory issues with regard to Wendel's business sector and within the meaning of the EFPD), other processes have been defined; these are intended to complement Wendel's compliance approach in order to ensure compliance by all its executives and employees not only with legislative and regulatory standards, but also with all of the Group's values and commitments in terms of compliance, business integrity and ethics.

Consequently, the implementation of this strict compliance program is likely to boost Wendel's reputation, thus benefiting all its stakeholders while respecting its long-term commitments.

In order to promote an overall vision, the other initiatives included in Wendel's compliance program adopted by the Executive Board are described below.

Code of Ethics

Completely revised in 2020 and adopted by the Executive Board with the support of the Supervisory Board, the objective of Wendel's new Code of Ethics is to make the Group's long-term investor activity part of an exemplary approach to doing business. In particular, it illustrates the Company's desire to behave responsibly and be loyal to its employees and stakeholders, going beyond purely legal requirements. The purpose of this new Code is to ensure the permanent compliance of Wendel's activities with laws and regulations, while reinforcing the Group's ethics in terms of upholding human rights, supporting employees and civic engagement.

The ethical principles and values set out in this Code underpin how we do business. Wendel promotes an approach based on individual responsibility and has a zero tolerance policy.

This Code of Ethics applies to all employees and managers of the Company, its holding companies and its sites. Wendel requires the companies in which it invests to adopt similar standards. This Code can be consulted on Wendel's website in the ESG section, www.wendelgroup.com.

Protection of confidential information

In the context of its activity as a long-term investor, Wendel handles a large amount of confidential information concerning portfolio companies, potential targets and acquisition or divestment projects.

A Market Confidentiality and Ethics Code sets out the rules that apply to all Wendel employees and corporate officers in terms of protecting confidential information. The main rules introduced by this Code are presented in section 2.1.8 of this Universal Registration Document.

Compliance with economic sanctions

Wendel established its policy on international sanctions in 2017. Wendel ensures that neither its holding companies nor its international offices carry out any activity prohibited by the regulations on sanctions and embargoes, nor enter into contact with natural persons or legal entities appearing on sanctions lists. Background checks are carried out whenever necessary on the basis of tools that Wendel has used or, for more complex cases, external surveys.

Anti-money laundering

The Anti-Money Laundering and the Financing of Terrorism (AML-CFT) policy, applicable to Wendel SE, its holding companies and its international operations, has been applied since 2017.

In addition, within the framework of the AIFM regulations to which the Luxembourg fund manager (Winvest Conseil S.A.) and its subsidiaries are subject, a specific AML-CFT policy has been put in place and is reviewed annually. All their employees and directors receive training on the subject every year. The AIFM Compliance Officer, approved by the CSSF, ensures compliance with the rules and the AML-CFT policy. In particular, it determines the extent of the reasonable due diligence to be carried out depending on the risk level allocated to each investor or investment. It reports to the AIFM Board of Directors, which regularly conducts a compliance assessment.

Tax policy

The primary objective of Wendel's tax policy is to ensure legal certainty and sustainability in the long term. Wendel considers that aggressive and artificial planning create long-term financial and reputational risks that are contrary to its interests and values. Wendel is committed not to use structures domiciled in countries considered to be tax havens in order[1] to reduce the amount of taxes due.

Wendel also ensures that its activities comply with applicable tax laws and regulations. In particular, Wendel ensures that its operations do not lead to situations that could be qualified as tax[2] evasion and that intragroup transactions comply with the arm's-length principle of OECD transfer pricing guidelines.

Wendel ensures compliance with tax filing and payment obligations in the jurisdictions in which it operates.

Wendel is committed to exchange information with the tax authorities in a cooperative and transparent manner, in particular during tax audits.

Wendel participates, mainly through professional organizations, in consultations initiated by legislators or national and international governmental organizations aimed at improving tax certainty and encouraging sustainable growth.

Each year, Wendel SE files a Country by Country reporting with the French tax authorities on behalf of Wendel-Participations. This report is then shared *via* an automatic exchange mechanism with the tax authorities of all foreign countries in which the Company or its subsidiaries operate.

The management of uncertain tax positions is fully integrated In the Group's global risk management process. As part of this process, the Tax Director regularly reports to the Audit Committee and the Management Committee on the Group's global tax position, any risks or tax disputes and the main changes anticipated.

Whistle-blowing procedure

As indicated in the section on "Anti-Bribery and Anti-Corruption"), the whistleblowing system was updated in 2019 and all employees were reminded of its operation in 2020. Beyond corruption, this whistle-blowing system covers the following areas: financial and accounting, stock market ethics, anti-competitive practices, health, hygiene and safety at work, the fight against discrimination and harassment at work, environmental protection, human rights and fundamental freedoms.

It should be noted that a whistleblowing line is also available for third parties working with Wendel. The terms and conditions of access are defined in the alert procedure available on Wendel's website, in the ESG section, at www.wendelgroup.com.

Personal data protection

Wendel takes privacy and the protection of personal data very seriously. This is why Wendel implements adequate measures to ensure the protection, confidentiality and security of personal data. These data are processed and used in compliance with the applicable provisions, in particular European Regulation 2016/679 of April 27, 2016 (hereinafter the General Data Protection Regulation or "GDPR") and any local laws applicable in this area.

A Personal Data Protection Policy is available on the Wendel website. It describes the measures taken with regard to all personal data processing carried out by Wendel with respect to the various categories of persons whose data is collected and processed by Wendel (for example: website visitors, suppliers, service providers, job applicants, shareholders, co-investors, and executives of companies in which Wendel plans to acquire a stake). In addition, an internal policy dedicated to the protection of employee personal data is accessible to employees on the Wendel intranet.

In 2019, Wendel also defined a GDPR charter describing a certain number of obligations and procedures applying to the Executive Board as well as to all Wendel employees who, in the course of their activities, are involved in the processing of personal data.

In September 2020, during the business ethics training given to Wendel's employees, a reminder of the applicable data protection rules was given. In addition, other actions to raise awareness of the GDPR principles were carried out during interviews conducted with the managers of each function as part of a review and update of Wendel's data processing register (register listing all of its data processed by Wendel).

Distribution to employees

The policies of the compliance program have been disseminated among all Wendel employees, its holding companies, and its international offices. They are periodically submitted for signature to each employee, who is once again made aware of their commitment to respect the principles.

(1) According to the list of non-cooperative states and territories in tax matters issued by ministerial order on February 26, 2021.
(2) Covered by Article 20 of Law No. 2018-898 of October 23, 2018 on the fight against fraud.

Measuring and managing our environmental footprint

Carbon impact and climate change management EFPD

Risk Description

The Wendel Group is aware of the climate emergency and the importance of everyone being involved in mitigating its effects. While the Group's limited size (85 employees at December 31, 2020) and its geographical location limit its immediate exposure to the consequences of climate change, the diversified geographical and sectoral distribution of its portfolio of companies, as well as the regulatory environment that aims to place ever greater limits on carbon emissions, lead Wendel to consider the climate issue as part of its long-term investment activity. For the sake of setting an example *vis-à-vis* its peers and portfolio companies, the Group also incorporates the consideration of environmental impact into its routine business activities, in particular through its choice of suppliers.

Policies and results

As part of its ESG strategy and in order to set an example, Wendel has undertaken to assess the carbon footprint of its offices and its activities (excluding subsidiaries) every year. Carried out for the first time in 2019, the Group's carbon assessment made it possible to carry out an initial inventory of significant emission sources and to select priority reduction or offset actions. Since April 2020, the Group's Paris premises have been supplied with energy from 100% renewable sources. Other actions, rolled out in 2021, are planned:

- Changing the energy supply contracts of the offices located in New York and Luxembourg to increase the share of renewable energy in the Group's total energy consumption;
- Publishing and bringing to the attention of all employees an eco-efficiency policy to disseminate best practices that everyone can adopt in their work environment to reduce their consumption of resources;
- Introducing a voluntary compensation scheme for a portion of the Group's emissions. In order to combine this offsetting approach with a more global reduction effort, 10% of the CO_2 emissions emitted in 2019 will be offset in the course of 2021 (the level of overall emissions for the year 2020 is not representative of a normal business year). This threshold, set for the first year of implementation of the system, may increase in the coming years. In addition, in 2020, the emissions related to the Investor Day, one of the largest events organized by the Group for the financial community, (organized remotely this year), were offset.
- Where possible, reducing business travel and encouraging the use of teleconferencing facilities.

In addition to monitoring its own emissions, Wendel's carbon footprint resides primarily in the activities of its subsidiaries, and this aspect is an integral part of the ESG monitoring of the portfolio companies.

The calculation methodology and reporting format presented below follow the GHG Protocol. The emissions calculated cover Wendel's offices in France and abroad (Paris, Luxembourg, New York) over a period of 12 months, but exclude offices closed during the year (London, Casablanca and Singapore). The emission factors come from the Ademe Carbon Base.

In line with the GHG Protocol methodology, scopes 1+2 include emissions related to energy consumption, refrigerant leaks and fuel consumption. The coverage rate of scopes 1+2 has significantly improved over the year, now standing at between 94% and 100%. This improvement is mainly due to the fact that the Paris, New York and Luxembourg offices have very high levels of availability and reliability in their respective environmental data.

Scope 3 includes emissions related to the purchase of products and services, business travel, visitor travel, employee commuting and waste generation. The main scope 3 emission categories (business travel by plane and train, visitor travel, home-to-work travel, purchase of services) have a 100% coverage rate. The other scope 3 emissions categories have a coverage rate of between 83% and 100%.

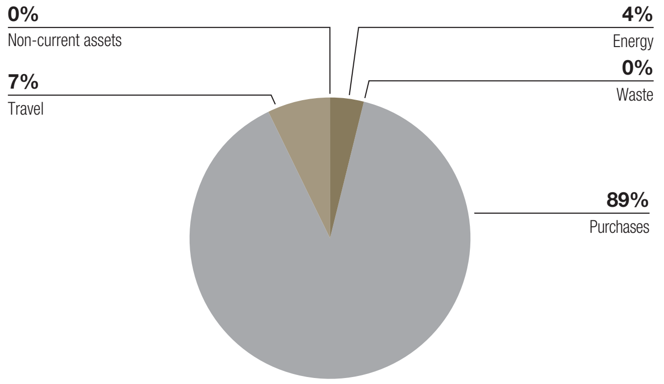
Emission categories *(in tCO_2 eq)*	**2020**	**2019[1]**
Scope 1	30	18
Scope 2	71	98
Scope 3	2,659	2,438
Total scope 1+2+3	2,760	2,554
Scope 1+2+3 emissions intensity per employee[2]	32	32

(1) CO_2 eq emissions of the Carbon Footprint 2019 were corrected in 2020 for the following items: Exclusion of the 3 offices closed in 2020 to allow comparison between 2019 and 2020 on a like-for-like basis, addition of gas consumption for Luxembourg, correction of electricity consumption for Luxembourg (invoice available), addition of vehicle fleets for Paris and Luxembourg, exclusion of Wendel Participations (previously included in energy consumption, waste and visitor travel), correction of the following emissions factors: Electricity emission factor (EF) for Paris (2019 EDF EF available); District heating emission factor for Paris (EF CPCU 2019 available); Electricity emission factor for Luxembourg (EF 2018 available).

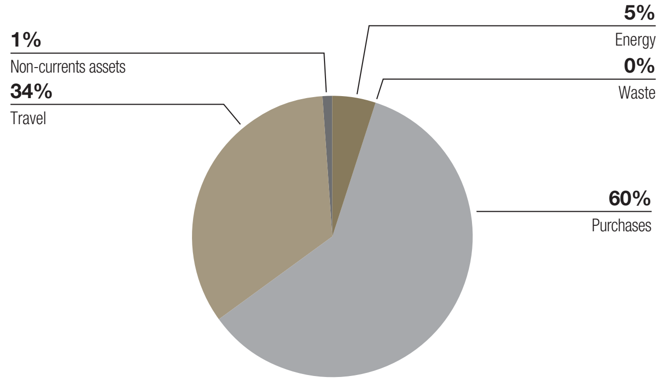
(2) Ratio calculated for the following headcount: 79 employees for 2019 on a like-for-like basis with 2020 (Paris, New York and Luxembourg offices). The headcount for the year 2019 excludes fixed -term contracts. 85 employees for 2020.

The breakdown of Wendel SE's emissions sources between 2019 and 2020 is as follows:

Share of CO_2 eq emissions by emission category 2020



Share of CO_2 eq emissions by emission category 2019 (like-for-like with 2020)



For the year 2020, the Group's total emissions have slightly increased. This is mainly due to the significant increase in purchases of services, particularly intangible assets (insurance, consultancy, expertise, etc.)[1]. This increase is offset within scope 3 by the reduction in travel and commuting in an exceptional context linked to COVID-19. In addition, the use of a 100% renewable energy supply contract within the Paris premises contributed to the reduction of emissions related to this item by -57% in absolute value (emissions related to the energy consumption of the Company are measured within scope 2) although energy consumption remains a smaller item (4% in 2020).

The intensity of CO_2 emissions per employee remained stable (32 tCO_2 eq).

Resource and waste management

In addition to the priority placed on reducing the Company's climate footprint, Wendel is committed to a series of initiatives and actions aimed at limiting the consumption of resources related to its activity (paper, plastic, etc.) and of any avoidable waste generation. Thus, in 2020, the following initiatives produced significant results:

- The collection and recycling systems with which the Group's premises are equipped ensure efficient recycling of metal, glass, paper, cardboard and electrical and electronic waste (WEEE). These systems extend the life of the resources used in the manufacture of the products purchased and used by the Group and contribute more broadly to Wendel's circular economy approach. In fiscal year 2020, a total of 6.3 tons of waste was sorted and recycled, representing 0.08t of recycled waste per employee[2];
- The launch of the Paperless project, which consists of providing employees with digital tools that limit the use of printing and the use of paper in general (advanced document editing software, electronic signatures, etc.) made it possible to reduce paper consumption by 71% tons this year. This significant saving was also made possible by the limited presence of employees on the Group's premises due to the COVID-19 health crisis.

Adopting a responsible sourcing approach

Wendel adopts the highest ethical standards and respect for environmental and human rights in doing business, and wishes to partner with suppliers and service providers who share similar standards.

The Company relies on a short supply chain and mainly on local service providers (present in the countries where Wendel operates). Its purchases mainly consist of suppliers of office goods and services (IT equipment, maintenance and upkeep of premises, etc.) and intellectual services (consulting, expertise, etc.). Nevertheless, Wendel remains fully committed to the prevention of possible violations of human and environmental rights, as well as the active promotion of these principles. Thus, the Group's Code of Ethics, which sets out the Company's commitments in this area, is brought to the attention of any new supplier subject to the third-party assessment process, upstream of this.

The third-party assessment process mainly covers regulatory compliance and anti-corruption issues. Wendel's ambition is to improve this system by adding an assessment of service providers selected on the basis of environmental, social and governance criteria. This system will be rolled out within the Company in 2021.

(1) In 2020, the emission factors defined by ADEME for spending on services have not been re-evaluated, maintaining the same emission power as in the pre-Covid-19 period.
(2) Calculated using the headcount at December 31, 2020.

In 2020, prior to the implementation of this new approach, Wendel undertook analysis of the purchases it made in 2019 in order to determine whether certain categories of purchases carried social or environmental risks. No risky purchasing category has been detected. As a result, the process of assessing suppliers based on ESG criteria will focus primarily on high-value purchases, in order to maintain the materiality of the approach. Lastly, the analysis conducted in 2020 made it possible to draw up the questionnaire that will be used as part of the ESG assessment process, as well as an explanatory guide to the approach that will be used to train all Wendel employees in this approach.

4.1.7.1.2 Fostering employability, inclusion, well-being, and engagement through concrete actions

Promoting a culture of integration, support and diversity to promote well-being and performance at work

Risks related to the human resources of Wendel teams EFPD

NB: This section covers all of Wendel's priority human resources risks identified via *the risk matrix (Key people, Talent acquisition and retention, Compensation, Work/life balance, Combating discrimination and promoting diversity, Support for teams in the context of a health crisis).*

Risk Description

The Wendel Group's primary resource is its human capital.

Wendel operates a service business which demands a high level of skills and commitment from its employees. Employees are key to delivering its mission since they are responsible for the relationship with portfolio companies and must continually engage with them in a constructive manner on all strategic aspects of the Company's activities.

Attracting and retaining talent over time is therefore a key factor in the Group's success.

Policies and results

Risks related to the appeal and talent retention of Wendel's teams are managed primarily though the exemplary nature and behavior of its management bodies. In addition, each year Wendel develops an individual and collective training offering adapted to the expectations and profiles of its employees, continually improves their working conditions to make them more attractive, introduces attractive employee benefits, and actively promotes diversity in the workplace.

The Group also seeks to reduce these risks through a fair compensation policy consistent with the market, while remaining non-discriminatory. In addition to performance, the appraisal of employees carried out each year focuses on criteria such as transparency, progress, personal development and teamwork.

The Human Resources department ensures close monitoring of employees, in France and worldwide, to meet their needs and anticipate any risks that may arise. Moreover, the system for managing human resources data within the Group has been overhauled meaning that data and KPIs can be managed more effectively.

Composition of Wendel teams

As at December 31, 2020, Wendel and its holding companies employed a total of 85 people.

Wendel has foreign offices dedicated to investment research and/or support of the Group's companies in their international expansion. The Luxembourg-based company (established in 1931) also acts as a holding company. Another, more recent establishment was created in the United States in 2013. Offices located in Morocco, the United Kingdom and Singapore closed in the second half of 2020 in order to refocus the Company's activities around three areas of excellence.

In France

Wendel employs 59 people in France divided between the Investment, Management, and Corporate teams (*i.e.* the support functions: Finance department, Legal department, General Secretariat, Tax department, Sustainable Development and Communication department, Internal Audit department, Human Resources department and Operational Resources department). Among these corporate functions, a team of experts regularly works on investment/divestment operations in France and abroad in support of the investment teams.

In 2020, Wendel employed two employees under fixed-term contracts (an apprenticeship contract and a fixed-term contract, who went on to be hired on a permanent basis the same year) and a temporary employee. For the financial year 2020, fixed-term contracts are included in the Company data presented in this chapter, while temporary employees are excluded.

Employees with an employment contract in France(1): headcount and movements	12/31/2020			12/31/2019			12/31/2018		
	Non-executive employees	Executive employees	Total	Non-executive employees	Executive employees	Total	Non-executive employees	Executive employees	Total
Total workforce	7	52	59	6	48	54	4	50	54
of whom Women	*3*	*30*	*33*	*3*	*27*	*30*	*1*	*27*	*28*
Male	*4*	*22*	*26*	*3*	*21*	*24*	*3*	*23*	*26*
New hires[2]	0	11	11	2	9	11	-	7	7
of whom Women	*0*	*6*	*6*	*2*	*4*	*6*	-	*3*	*3*
Male	*0*	*5*	*5*	*0*	*5*	*5*	-	*4*	*4*
Departures[2]	0	7	7	0	8	8	-	4	4
of whom Women	*0*	*3*	*3*	*0*	*4*	*4*	-	*1*	*1*
Male	*0*	*4*	*4*	*0*	*4*	*4*	-	*3*	*3*

(1) France open-ended contracts, fixed-term contracts and apprentices for 2020. For 2018 and 2019, only permanent staff are included.
(2) New hires and departures including internal mobility of 3 employees, from abroad to France and vice versa, having taken place in 2019 (recognized as -1 in the departure country and +1 in the host country) and expatriated employees who are no longer included in the headcount in France. Mobility between offices abroad is not recognized.
In 2020, recruitment includes three internal transfers, from international to France, and the transition from a fixed-term to permanent contract.

Overseas

The holding companies and offices outside of France are located in 5 countries[1] and have 26 employees, almost two-thirds of whom are in the investment teams (investors + office managers and assistants). The rest of the teams work primarily in financial and legal activities at the holding company in Luxembourg.

Employees with a permanent employment contract[1] abroad: staff numbers and changes	12/31/2020	12/31/2019	12/31/2018
Total workforce	26	36	43
of whom Women	*13*	*17*	*19*
Male	*13*	*19*	*24*
New hires[2]	2	5	3
of whom Women	*2*	*4*	*2*
Male	*0*	*1*	*1*
Departures[2]	13	12	6
of whom Women	*6*	*6*	*4*
Male	*7*	*6*	*2*

(1) Workforce with an international, permanent or fixed-term employment contract for 2020. For 2018 and 2019, only permanent employees are recognized.
(2) New hires and departures including internal mobility of 3 employees, from abroad to France and vice versa, having taken place in 2019 (recognized as -1 in the departure country and +1 in the host country). Mobility between offices abroad is not recognized. In 2020 departures included three internal transfers (international to France) + a change of contract (Permanent to Corporate Officer). Employees who left in 2020 but who were not counted the previous year are excluded from the calculation.

(1) Offices in London, Singapore, and Casablanca closed on December 31, 2020.

Key people EFPD

Due to its streamlined workforce, Wendel must ensure that its business is not affected by the departure of key people.

To the extent possible, Wendel takes the necessary steps to ensure that each skill or specific know-how is held by at least two people and provides the necessary training and support to keep their respective skills up to date.

Moreover, the collegial nature of Wendel's processes for making investment and divestment decisions and for monitoring portfolio companies also limits the potential impact of the departure of key personnel.

Talent acquisition and retention EFPD

In order to maintain its position as a competitive and attractive company, Wendel is committed to hiring excellent talent, creating the best possible working environment for its employees whilst developing their skills.

Training

Wendel considers the development of its employees' employability, skills and knowledge to be a top priority.

The process of 360° feedback introduced in 2018 has helped to improve the standard of personal objectives set for all employees. 100% of permanent employees whose objectives were to be formulated for the year 2021 benefited from it in 2020.

Wendel offers its employees customized training to ensure that they always have the skill level required to perform their jobs and responds favorably to requests.

As such, in line with its global strategy, the Company has introduced a new training catalog divided into various themes (job-related, technical, behavioral etc.) to support the development of teams and the organization. This approach begins with a "Get to Know" approach, which enables everyone to gain a better understanding of the Company's existing business lines and their challenges.

This ambitious training program, although impacted by the COVID-19 health crisis, was nevertheless rolled out to all countries throughout 2020. To mitigate the effects of the pandemic crisis on the development of its teams, Wendel has opened a platform for all its employees, including those on temporary contracts and interns, providing access to a multitude of online training courses in a wide variety of fields. The Company encourages users to train independently, by putting online a catalog with preselected training courses on a variety of topics, such as inclusion, diversity, communication, resilience development and stress management.

This year, Wendel has placed great emphasis on personal development, which accounts for nearly 70% of total hours. For example, a large majority of employees in the French and Luxembourg offices, as well as corporate officers, have attended a two-day training session on reasoned negotiation. Almost a third of employees have benefited from language courses, particularly in English and French. All employees had the opportunity to attend conferences to better give and receive feedback, particularly as part of the 360° assessment process.

In order to respond as effectively as possible to the needs and expectations of its employees, Wendel has approved any requests for training identified by employees themselves that meets the needs of the Company. In addition, numerous training sessions were provided to enable everyone to develop their core skills. This represents more than 20% of the total number of training hours.

French and Luxembourg employees were also able to follow an online training course to remind them of the measures to be taken to best protect themselves against COVID-19, and continued to receive regular information as the epidemic progressed.

In addition, in order to accelerate the development of training in 2021, with a plan that will be just as ambitious, Wendel also implemented a training management and monitoring platform in 2020.

In total, and despite the circumstances imposed by the pandemic, Wendel continued to implement its training plan and trained 101 employees, including corporate officers, people who joined or left during the year, those on temporary contracts and some trainees attending Group training, amounting to a total of 2,564.5[(1)] hours in non-mandatory training[(2)].

On average, this represents 29.5 hours of non-mandatory training per employee[(3)], or 2,514.5 hours in total.

In France, there was an average of 25.08 hours of non-mandatory training per employee (1,479.5 hours in total) compared with 14.5 hours per employee in 2019.

(1) Carried out by 101 Group employees, including corporate officers and trainees as well as people who left during the year, excluding mandatory training and Get to Know Your colleagues sessions.
(2) Excluding mandatory training and "Get to know your colleagues" sessions.
(3) Employees with a permanent or temporary employment contract, all offices combined, between 12/31.

KPIs	2020	2019	2018
Percentage of employees trained	97.6%(2) (all countries) 100% (France)	92.6%(1) (all countries)	100% (France)
Training hours per employee	29.5 (all countries) 25.08 (France only)	16.5 (all countries) 14.5 (France only)	18.3 (France only)

(1) Percentage of employees present at December 31, 2020 having been trained.
(2) Percentage of employees present in 2019 who participated in training.

Work-life balance, working conditions and psycho-social risks EFPD

As an employer, Wendel must ensure that its employees benefit from working conditions that promote a positive work-life balance. This balance is also a guarantee of their long-term commitment and investment in the Company's goals.

In France

Support for managers, regular meetings with all employees and close dialogue with employee representatives (Works Councils) are intended to optimize working conditions and relations. 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 free daycare for the children of any employees who request it. In 2020, Wendel financed daycare for four children, for the benefit of four employees.

Furthermore, in addition to the part of the Social and Economic Committee's budget devoted to social and cultural activities (*e.g.* holiday vouchers, gift vouchers, discounted cinema tickets, etc.), Wendel covers various individual and collective services: sports lessons, Cesu checks (Checks for Universal Employment Services), comprehensive health checks.

The remote working policy, implemented for the first time at Wendel in November 2018, has been completely revised to offer more flexibility to employees who request it. A new charter was signed in May 2020 and immediately implemented.

On the same date, a charter on paid leave, including a restriction on carrying over an excessive number of leave days from one period to another, was also signed. This new charter aims to guarantee all employees the opportunity to take full advantage of the annual leave entitlements which are necessary for their physical and mental well-being.

Overseas

Abroad, Wendel strives to provide similar services in line with local practices (examples: quality health coverage, contribution to the cost of gym membership, etc.).

Surveys on quality of life at work

Wendel wants to introduce a process for continuously improving quality of life at work. With this in mind, at the end of 2019 the Company decided to launch a survey to assess psychosocial risks. Although this is a requirement under French law, the Company has opted to extend it to all international offices. This first international survey ended on January 31, 2020. 83% percent of the employees surveyed responded, and the findings made it possible to highlight the Company's strengths, as perceived from the inside, and to identify potential areas for improvement. Overall, the findings are very positive and reveal a positive working environment, a manageable level of stress and the strong interest that employees have in their work. The findings were circulated and shared internally so that everyone could respond to the suggestions for improvement.

Following this survey on psycho-social risks, an internal consultation tool was set up to further assess quality of life at work in the Group. This platform enables Wendel to gather information on employee perceptions on various topics (recognition, working conditions, relationships with others, well-being, etc.) and for employees to express themselves by sharing ideas anonymously. Regular surveys will be carried out in the future. In this way, Wendel will be able to carry out a qualitative and comparative assessment, identify projects of a high priority, develop associated corrective measures and measure their impacts.

In order to ensure that everyone's personal time is respected and to limit potential requests related to new digital tools and applications, since 2018 Wendel has implemented a charter guaranteeing that everyone has a right to log off outside working hours. In 2020, the Group continued to raise employees' awareness of this charter in order to promote buy-in by all employees.

Finally, Wendel is fully committed to being a socially responsible company and has introduced corporate sponsorship, also known as skills sponsorship, which is used to align employees' commitments to charitable activities and the development of their skills (see section "Supporting and strengthening our commitments to civil society").

All of these measures enhance the appeal of Wendel's employer brand.

Indicators

Wendel's Human Resources department closely monitors all Wendel Employees in France and overseas.

	2020	2019
Absenteeism *(scope: France)*[1]	3.13%	1.66%

(1) Methodology for calculating absenteeism: (total absenteeism days)/(218 days* average number of employees). Absences recognized: illness, commuting accidents, work-related accidents, sick children, part-time working on health grounds/absences not recognized: family events and parental leave.*

Absenteeism, excluding family events, was around 3.13% in 2020. This figure remains below the national average absenteeism rate, which is expected to exceed 5% in 2019[1]. At the national level (France), this represents an average of 18.7 days of absence per employee. At Wendel, the average number of days of absence per employee is less than 7.

	2020	2019
Number of accidents *(scope: France)*	0	0
Number of commuting accidents	2	11
Number of fatal accidents	0	00

There were two commuting accidents (with no lost-time) and no workplace accidents in 2020.

	2020	2019	2018
Average length of service of employees (years)	7.8[1]	7.5	*not available*

(1) In 2020: inclusion of employees on permanent and temporary employment contracts. In 2019, only permanent contracts were taken into account.

At the world level the average length of service of employees is 7.8 years.

Combating discrimination and promoting diversity EFPD

As set out in its Code of Ethics, Wendel strives to promote diversity within the Company and sees it as a major benefit which contributes to the Group's excellence.

Wendel takes steps to ensure that decisions regarding recruitment, career development (training and job promotions) and compensation are made without any form of discrimination. Only the skills and experience of candidates is taken into account.

Gender equality

Wendel aims to provide a welcoming and stimulating work environment for men and women and has implemented several initiatives to achieve this goal.

In particular, Wendel requires women to be equally represented in the applicant pool during each recruitment process.

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

Wendel offers flexible working and benefits for parents in order to promote work-life balance as described above (see section on work-life balance).

Wendel is aware that gender equality requires a collective effort, particularly in the area of investment. It is with this in mind that Wendel signed the Gender Equality charter of France Invest published on March 6, 2020.

(1) According to the 12th Ayming France absenteeism and engagement survey.

As such, women are represented in the total headcount, in management positions, as well as in investment positions and on governance bodies:

	2020			2019		
	France	International	Group	France	International	Group
Women in the total workforce[(1)]	56%	50%	54%	56%	47%	52%
Women in employee manager roles[(1)]	58%	N/A	N/A	56%	N/A	N/A
Women Investors[(2)]	40%	33%	37%	22%	20%	21%
Women in management positions[(3)]	40%	29%	37%	50%	25%	39%
Women on the Investment and Management Committees[(4)]	Investment Committee: 33.3%			Investment Committee: 22%		
	Management Committee: 45.5%			Management Committee: 43%		
Women on the Supervisory Board			45%			45%
Women as a percentage of new hires[(5)]	62.5%	100%	70%	50%	100%	69%

(1) *In 2020: France scope: permanent and fixed-term contract workforce in France/International scope: employees with a permanent or temporary international/In 2019: France scope: permanent contract workforce in France without the three management-level male expatriates/International scope: employees with a permanent international employment contract including three management-level male expatriates (employment contract in France suspended).*
(2) *Women employees within the investment teams, excluding assistants and office managers.*
(3) *Line manager of at least 1 employee (excluding the Chairman of the Executive Board).*
(4) *Including the Chairman of the Executive Board.*
(5) *Excluding internal mobility, including fixed-term contracts hired on permanent contracts during the year and temporary contracts. In 2019, only permanent employment contracts are taken into account.*

The proportion of women on Wendel's Supervisory Board is higher than the average of its peers (according to a study of 28 listed European asset management companies, conducted by HSBC Bank and published on February 1, 2019). Wendel also exceeded the regulatory threshold of 40% (Coppé-Zimmerman Act) before the regulatory requirement was introduced.

In July 2020, Wendel ranked 24th in the ranking of women in the governing bodies of the companies making up the SBF 120, distinguishing the results presented above.

Under the French "Freedom to Choose a Career" law (*loi pour la liberté de choisir son avenir professionnel*) enacted on September 5, 2018, Wendel is required to publish the indicator of the Gender Equality Index. In 2020, Wendel obtained a score of 55/100, up by eight points compared to 2019. All of Wendel's workforce in France falls under the scope of the index.

It is important to highlight that Wendel is committed to a process for implementing the principle of equal pay through a job-based approach which is not covered by the index methodology.

In addition, in 2020 Wendel fully reviewed its action plan on gender equality by incorporating more criteria than required by French regulations for a company with fewer than 300 employees. The four criteria to which Wendel has committed are hiring, training, balancing work and family responsibilities and actual compensation. Each of these criteria includes numerous measures and indicators used to implement concrete actions in favor of professional equality. This new action plan approved by the CSE enters into force on January 1, 2021.

Disability

Wendel welcomes and recognizes all talents, and undertakes not to discriminate against candidates or employees with disabilities.

The Company employs two (in its permanent workforce) people with disabilities in France and contracts with institutions providing assistance through work, in particular for the purchase of office supplies.

Wendel is also adopting a preventive attitude towards its employees. Thus, the Company made ergonomic equipment available to employees who expressed a need, even if these requests did not come from a doctor.

Wendel builds a work environment that respects each individual by ensuring safe working conditions and respect for everyone.

Youth and senior employment

The breakdown of permanent and temporary staff by age Group is the following:

Under 30	20%
30 to 39 years old	27%
40 to 49 years old	33%
Over 50	20%

- New hires under the age of 30: 5 under-30-year-olds hired worldwide;
- New hires who are seniors (> 50 years old): two over-50s hired.

Compensation EFPD

Wendel's salary policy ensures that the interests of employees are aligned with those of shareholders, through several levers: the variable component of compensation, profit-sharing (in France) and the employee shareholding, open to all employees. This convergence of interests is undoubtedly a key component of the corporate culture; thus, everyone shares the Group's ambition for excellence.

Each year, Wendel carefully reviews the level of compensation of its employees according to the nature of their duties, skills and experience. It is also important to note that this level of compensation and its structure are reviewed in view of market levels and practices. Variable compensation is awarded based on the individual and collective performance of teams and the Company.

For France, total compensation in cash (base salary, variable pay and individual job-related bonuses) paid in respect of 2020 was approximately €14.8 million.

Lastly, Wendel offers very comprehensive death & disability insurance to its employees and their families, financed largely by the Company.

Promoting employee shareholding

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

The Group Savings Plan

The Wendel Group Savings Plan was completely overhauled in 2020 with the introduction of two different regulations, a PEG for French companies (Wendel and Wendel Participations) and a PEGI (International Group Savings Plan) for the Luxembourg companies. This new PEG allows savers to no longer hold Wendel shares but units in mutual funds (FCPE).

The first capital increase through this new mechanism took place in the second half of September 2020, with 97% of eligible employees subscribed. Once again this year, employees were able to benefit from a discount of 30% and their voluntary payment was increased up to the legal ceilings. At the end of the subscription period, the FCPE Wendel was created and subscribed 36,811 Wendel shares on October 16, 2020. The Wendel mutual fund undertakes to have an investment in Wendel shares of between 95% and 100% and the share value is intended to track the Wendel share price.

During the month of December, all employee and former employee savers holding registered shares in the PEG were asked to transfer their shares into the FCPE Wendel, which 40% of them chose to do.

At December 31, 2020, former employees and employees (excluding members of the Executive Board) held 0.16% of Wendel's share capital in the FCPE Wendel and 0.52% of Wendel's share capital in the pure registered PEG.

Grant of stock options and performance shares

90% of employees present in the workforce at December 31, 2020 were allocated stock options and/or preference shares.

In addition to the two Executive Board members, 79 employees in France and abroad received stock options and/or performance shares by virtue of the authorization granted at the Shareholders' Meeting of July 2, 2020 and the Executive Board's decision on August 5, 2020.

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 the Afep-Medef Code presented in section 2.2.2.2.

The following table indicates, for the period from January 1 to December 31, 2020:

- the total number of options granted to the ten employees (excluding Executive Board members), who individually were granted the largest numbers of options;
- the total number of options exercised by employees and former employees (excluding members of the Executive Board).

	Total number of options	Strike price weighted average
Options granted during the year to the ten Group employees who were granted the largest number of options	116,600	€82.05
Options exercised during the year by employees and former employees whose number of options thus purchased or subscribed is the highest(1)	12,043	€64.86(2)

(1) In 2020, as market conditions were not favorable, employees did not wish to exercise their rights to exercise options. Only seven beneficiaries exercised options in 2020.
(2) In 2020, these options were exercised at a price of €44.32 (W 3 plan), €80.91 (W 4 plan), €54.93 (W 5 plan), €82.90 (W 6 plan) and €94.38 (W 9 plan).

Employees were awarded performance shares through two different plans. The ten largest beneficiaries among the Group's employees (excluding members of the Executive Board) were granted 47,960 shares, a cumulative total for the two performance share plans granted during the year.

Offering additional pension benefits

- **"Perco" pension plan**

In 2010, a Company pension plan "Perco" was introduced for employees in France. The Company matches certain contributions up to the legal limit.

On December 31, 2020, 50.85% of the employees present had already invested in Perco, compared with 40.67% at the same date of the previous year.

- **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 this compensation. The pension plan provides for a payout of 60% to a surviving spouse on 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 has transferred the assets necessary to service pension benefits to an insurance company, which makes payments to the beneficiaries.

As at December 31, 2020, there were 36 retirees and 5 employees of the Company who benefited from the plan.

Promotion and respect of the ILO fundamental conventions and Human Rights

Wendel manages its human resources in accordance with the International Labor Organization's (ILO) fundamental conventions.

France has ratified the eight fundamental ILO conventions on forced labor, the freedom of association and protection of the right to organize, the right to organize and collective bargaining, equal pay, the abolition of forced labor, discrimination, the minimum age for admission to employment and all forms of child labor.

Wendel does not operate in a business segment where there is a risk of violation of workers' rights, and therefore is not faced with the issue of respecting these conventions.

In 2020, Wendel's Code of Ethics was fully reviewed and mandatory training on this subject was provided to 100% of employees who took part. The purpose of this training was to raise employee awareness of Wendel's commitments to upholding individual and human rights.

Wendel insists on the fact that being valued and respected creates a virtuous circle of a positive work culture and thus establishes an environment that respects each individual. Zero tolerance against any form of harassment or discrimination enables Wendel to comply with the various regulations imposed on each of the countries in which an office is located.

Health and safety of the workforce in a global health crisis EFPD

Wendel pays close attention to the health and safety of its workforce. In the unprecedented health context related to COVID-19, the Group has strictly applied government directives in the countries where it operates, in particular by closing all of the Group's offices during lockdowns. All steps have been taken to enable employees to work remotely in optimal conditions (equipment, IT hotline etc.) in order to maintain operations while promoting well-being for all.

A COVID-19 unit has been set up to answer employees' questions and provide teams with information on specific measures such as telemedicine consultations, psychological support, childcare in the event of illness, etc. The purpose of this unit is also to promote interaction between employees and anticipate any specific support that may be given to teams. When employees returned to the Group's various offices, the unit continued its support activity, monitoring changes in the health situation and supporting the return to work in the classroom under the best possible conditions according to changes in government announcements in strict compliance with the rules.

The Company also organized time for one-to-one and collective discussions with healthcare professionals, in order to provide everyone with answers on the health protocol to be followed and, more generally, on the implications and status of the pandemic. A psychological assistance unit has been set up with the support of Wendel insurance in the local language of each country, a service provided by professionals and available seven days a week.

As part of the survey on quality of life at work, Wendel also wanted to measure the impact of the health crisis and remote working on the morale and motivation of its employees. Thus, 83% of survey respondents believe that the new working organization is satisfactory, and that the level of stress experienced at work remains moderate.

Regular, even daily, meetings during the first lockdown period were held by Wendel's Executive Board with the Deputy CEOs, the General Secretary, the Director of Human Resources, the Director of Sustainable Development and Communications and the Director of Taxation. All managers have been asked to adapt management practices to combat the effects of isolation and maintain a positive working environment, including through daily meetings by video conference.

The deployment of the training plan has been ramped up with the introduction of an online training service for all employees. Workshops and in-house events are regularly offered to ensure and maintain team cohesion.

Wendel's investment team is working with portfolio companies to monitor their respective situations and, whenever possible, to support them through this unprecedented crisis. Group companies in 2020, which were impacted differently depending on their sectors.

Corporate teams are deeply involved to ensure Wendel's operational continuity.

Supporting and strengthening our commitments to civil society

Wendel's commitment to civil society is in the Group's DNA. It is, in fact, part of its family heritage. This commitment goes hand-in-hand with a long-term vision in line with its business as an investor. Wendel's philanthropic approach is based on two longstanding pillars: education and culture. A third pillar, solidarity, supplements this approach.

The Group's philanthropy policy, which was strengthened in 2018 and again in 2019, was ramped up again in 2020 through two mechanisms: the payment of exceptional donations to organizations affected by the economic and health crisis linked to COVID-19 and the introduction of a skills sponsorship day, offered to all employees (from 2021).

Long-term commitments

Wendel has supported Insead since 1996. In that year, the prestigious business school created a chair and then a center for family-owned businesses (*Le Centre Wendel pour l'entreprise familiale*) and Wendel has been a partner in this initiative from the start.

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. The Group is represented on the Centre Pompidou-Metz Board of Directors by Nicolas ver Hulst, Chairman of Wendel's Supervisory Board.

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

Commitments in 2020

- Increased commitment in a context of health crisis

True to its values and its long tradition of civil society engagement, Wendel wanted to show its support for and solidarity with the populations and organizations affected by the consequences of the economic and health crisis linked to COVID-19.

As such, on June 5, 2020, Wendel announced the renewal for five years of its sponsorship agreement with the Center Pompidou-Metz, of which Wendel has been the founding sponsor since its creation in 2010. Indeed, Wendel wishes to underline the crucial importance of supporting the cultural sector in this period.

Wendel also renewed all donations made to charitable organizations supported in 2019, namely:

- Casamasanté (Senegal);
- Clubhouse France (France);
- Cycle For Survival (United States);
- Helen Keller Europe (France);
- iMentor (United States);
- The *Fondation de la Maison de la Gendarmerie* (France).

In addition, Wendel's Executive Board and Supervisory Board have agreed to a reduction in their annual variable compensation. The sums resulting from this reduction were donated to the *Restaurants du Cœur* in France and to The Bowery Mission and Empty Bowls in the United States. These organizations are actively involved in tackling the economic disadvantage worsened by the health crisis.

Lastly, through its participation in the Crisis Prevention Institute (CPI), Wendel has initiated a skills sponsorship program for supervisory staff in health and/or education organizations aimed at preventing violence by funding training hours taught by CPI's certified instructors.

In total during 2020, Wendel's philanthropic expenditure amounted to €881,878.

- A day of skills sponsorship offered to all Wendel employees

Since January 2021, as part of the reinforcement of its philanthropy strategy, Wendel has now offered each employee the opportunity to spend one day of working time per year on a charitable initiative. This skills sponsorship day allows everyone to volunteer with the non-profit of their choice, in compliance with the principles of the Wendel Ethics charter, provided that the organization has no political and/or religious leaning. In order to encourage teams to commit to this approach, in collaboration with its partner associations, Wendel offers a certain number of predefined assignments that enable employees to use their time and skills in the public interest.

Lobbying activities

Wendel does not use any lobbying agencies.

Trade associations

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, Ansa, Medef, France Invest, Paris Europlace, etc. In 2020, professional contributions amounted to approximately €126,000.

Think tanks

Wendel is a partner of: Institut Montaigne, World Economic forum.

4.1.7.2 Wendel, investing for the long term: Building sustainable companies

Invest to support the prosperity and transformation of companies that respect 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.

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.

Integration of ESG throughout the Investment Cycle

Extra-financial issues within Wendel Group subsidiaries: consideration of risks and opportunities to build sustainable leaders EFPD

Risk Description

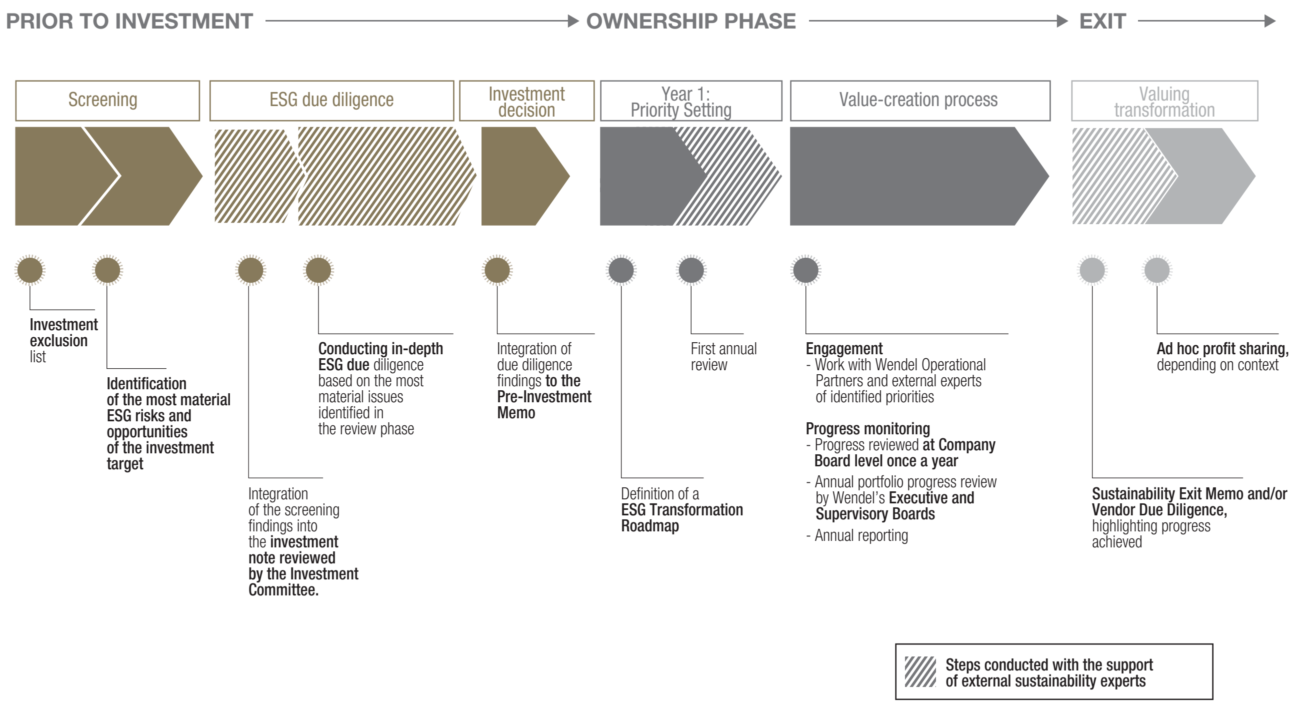
By investing for the long term, Wendel is committed to working with entrepreneurial teams to build sustainable leaders. Wendel believes it is essential for the companies in which it invests to take into account extra-financial issues, both in terms of the risks they may involve and the sustainable value creation opportunities they represent.

Wendel makes sure that management in its portfolio companies takes the appropriate measures to prevent and/or mitigate extra-financial risks and seize every opportunity to create value over the long term. For Wendel, this is a matter of strengthening its positive impact – in strict compliance with its role as a shareholder and with rules of governance – on the companies in its portfolio by encouraging them to take ever greater account of extra-financial issues.

Policies and results

Beyond the implementation of the regulations referred to in section 4.1.7.1.1 ("Strengthening and upholding business ethics within the Group"), Wendel has a responsible investor strategy and integrates the study of ESG risks and opportunities throughout the life cycle of its investments, in particular.

The main stages of this process are summarized in the following diagram:



- Prior to investment: all investment opportunities are systematically examined with regard to i) a defined exclusion list and ii) due diligence of the ESG issues identified as priorities;
- During the holding period: any new controlled company entering the Company's portfolio receives initial awareness-raising training on ESG topics, as well as a review of its ESG maturity by an external service provider. Based on the findings of this study, an ESG roadmap is drawn up within 18 months of its acquisition. This roadmap systematically includes the four priority ESG themes defined by Wendel (see below).

  Investment teams at Wendel and portfolio companies' management teams are also held accountable for progress against this roadmap with an alignment of variable compensation with ESG performance criteria;
- 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.

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. This exclusion list will be reviewed in the course of 2021.

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:

1. Tobacco;
2. Pornography;
3. Controversial weapons, as defined by the following treaties:
   - The Treaty on the Nonproliferation of Nuclear Weapons (1968),
   - The Biological Weapons Convention (1975),
   - The Chemical Weapons Convention (1997),
   - The Ottawa Treaty (1997) on antipersonnel mines,
   - The Convention on Cluster Munitions (2008);

4. Gambling facilities or products;
5. Coal mining and coal-based power generation;
6. Narcotics

In 2020, in order to support the Group's investment teams in applying these principles, Wendel carried out the following actions:

- Revision of the Code of Ethics to incorporate the Group's responsible investment principles. In September 2020, as part of the awareness-raising training on the Ethics charter, all Wendel employees received a dedicated presentation and role-playing exercises to encourage them to adopt an approach to investment aligned with the principles laid down;
- Support from the Communication and Sustainable Development department to the investment teams in the identification of ESG topics carrying risks and opportunities for the investment targets studied in the advanced phase;
- Formalization of a standard document, approved by the ESG Steering Committee, making it possible to present and structure the key ESG issues and themes in the presentation notes accompanying the investment targets reviewed by the Investment Committee. In 2020, all the ratings on investment opportunities reviewed by the Investment Committee had a dedicated ESG section;
- Identification and selection of consulting firms with expertise in ESG and likely to support investment teams in their acquisition or divestment transactions, by performing due diligence on the ESG topics of the target company.

All of the above actions led to the following results in 2020:

Number of employees trained in implementing the Ethics charter (including the theme of responsible investment)	93%
Percentage of investment opportunities reviewed under the Group's exclusion policy	100%
Percentage of investment opportunities studied that have undergone due diligence covering ESG risks and opportunities	100%

Supporting the implementation of ambitious strategic roadmaps

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 and the Boards of Directors, that these companies gradually integrate ESG issues in their risk management and strategies. The controlled companies are already subject to numerous national regulations, and this dialogue is carried out in compliance with local laws.

In 2020, Wendel committed to implementing an ESG roadmap for each of its operating subsidiaries. This roadmap systematically includes the four priority ESG themes defined by Wendel. This target, on which a portion of the Executive Board's variable compensation for the year 2020 was based, was met for all operating subsidiaries held for more than 18 months. Wendel excluded more recent acquisitions in order to provide them with the necessary time to draw up this roadmap.

Priority themes defined by Wendel

In order to support the structuring of these roadmaps and set Wendel's expectations in terms of expected commitments, the Group has defined the following prerequisites, applied in all the roadmaps drawn up in 2020. The operating partners as well as the Communications and Sustainable Development team are in constant dialogue with the management of the companies in order to support them in addressing these prerequisites:

- integration of the four priority themes defined by Wendel;
- inclusion of the concerns and expectations of each of the Company's main stakeholders, particularly in its offering of sustainable and/or ecodesigned products and services;
- definition of key performance indicators (KPI);
- selection of sustainable development goals (as defined by the United Nations) to which the Company commits to making a positive contribution through responsible business practices.

In fiscal year 2020, the Group significantly strengthened the support mechanisms for its operating subsidiaries as part of their ESG strategy:

- recruitment of a person responsible for overseeing drawing up and implementing ESG roadmaps in the operating subsidiaries;
- ESG maturity review conducted by an external service provider for all operating subsidiaries;
- provision of benchmarks and analyzes relating to the ESG performance indicators selected by the peers and comparable of our portfolio companies.

Wendel closely monitors the quality of the roadmaps drawn up by its operating subsidiaries and any progress made on them. The ESG roadmaps are approved and then reviewed annually by the Board of Directors of each company. All roadmaps were also presented to Wendel's Executive Board.

Investment teams at Wendel and portfolio companies' management teams are also held accountable for progress against this roadmap with an alignment of variable compensation with performance.

% of the management teams of portfolio companies whose variable compensation is aligned with the ESG performance of their Company	80%
% of variable compensation of Executive Board members which is conditional on overall portfolio progress *vis-à-vis* ESG transformation roadmaps	9.6%
% of Wendel teams whose variable compensation is contingent on ESG performance criteria	22%

Constantly improving the quality of extra-financial information on Wendel and its portfolio companies

Wendel's responsible investor approach also covers its ability to rigorously measure the extra-financial performance of its business and that of its companies. Wendel is attentive to the quality of the extra-financial information it collects and communicates to all of its internal and external stakeholders, in particular to the financial community (shareholders, investors, analysts, etc.). The attention paid to the quality of extra-financial information makes it possible to:

- address the most material ESG topics for the Group;
- improve the readability for all stakeholders of Wendel's extra-financial performance with regard to the wide range of international ESG reporting standards;
- allow investors to form an opinion on the Wendel Group's ESG strategy.

The table below summarizes all the ESG reporting exercises and standards to which the Group has undertaken to respond by the end of 2023.

Global reporting Initiative 4	Standard complied with in the Group's Extra-Financial Performance Declaration
United Nations Principles for Responsible Investment (PRI)	Voluntary reporting in 2021 – note available in 2022
United Nations Global Compact – Communication on Progress (COP)	Reporting in 2022
Task Force on Climate-related Financial Disclosures (TCFD)	Reporting in 2022 based on the conclusions of the climate risk analysis in progress

- Following the launch of its new ESG strategy, the Group has embarked on an enhanced corporate social responsibility communication strategy since 2020. Thus, the major events organized for shareholders and investors (General Meeting, Investor Day) included a presentation of the ESG strategy of the Group and portfolio companies. The Group's communication media (brochures, social media, etc.) regularly include information on the ESG performance of Wendel and its companies.

- In addition, in 2020, Wendel took part in two events on the theme of ESG organized by major financial institutions and aimed at institutional investors. It is also the first French company to have presented its ESG strategy at a dedicated event organized by the French Society of Financial Analysts (SFAF).

The extra-financial scores and ratings received by Wendel in 2020 are presented in section 4.1.6.

Assess and address the portfolio companies' exposure to transition and physical climate risks.

Wendel recognizes the urgency of climate change and that is everyone's responsibility to take action. In each of its operating subsidiaries, the Group encourages the implementation of strategies to reduce CO_2 emissions, consistent with the business model of each. This mitigation strategy is integrated into the transformation roadmap developed by each company.

Aware of the risks posed by the increase in the number of climate disturbances observed in recent years, the Group undertook a study in early 2021 to identify and prevent the risks related to climate change to which its portfolio companies are exposed. Conducted by an external environmental consulting firm, this analysis is based on the reference methodology for measuring transition risks defined by the Task Force on Climate-related Financial Disclosures (TCFD), and includes the identification of physical risks (extreme weather conditions, scarcity of resources, etc.) and transition risks (changes in regulations, introduction of a carbon price, etc.). On the basis of these diagnostics action plans will be produced by the companies in question.

With a view to measuring its current performance in terms of integrating climate issues into its business, for the first year Wendel responded to the Carbon Disclosure Project's Climate Change 2020 questionnaire. The Group obtained a B rating, in recognition of its careful consideration of the effects of climate change and the associated risks in its investment activity.

Promoting operational excellence and ESG innovation within the portfolio to generate sustainable growth

The responsibility, management and implementation of extra-financial issues is assumed directly by the management teams of the various companies controlled by the Group. Nevertheless, Wendel monitors and promotes the ESG approaches of its controlled companies so that they create added value and lasting benefits for the Company and society as a whole.

The Group measures the ESG performance of its companies on a consolidated basis around the four priority themes defined (see section "Supporting the implementation of ambitious strategic roadmaps"). For the year 2020:

- in terms of climate change, 60% of the controlled companies in the portfolio have produced carbon reporting on their operations including scope 1, 2 and 3 emissions. Similarly, 60% of companies have set targets for reducing their emissions. In addition, 100% of controlled companies in the portfolio have implemented an environmental management approach, promoting eco-efficiency and the effective management of natural resources, thus contributing to the achievement of their climate objectives;
- in terms of gender diversity, 100% of companies have implemented gender-related objectives in their roadmap;
- 100% of the companies audited have implemented a continuous improvement approach to health and safety at work and/or targets for reducing accidents at work. In 2020, the average frequency rate of workplace accidents across the portfolio is 1.08 and the severity rate was 0.04;
- finally, 100% of controlled companies have developed a range of products or services that include sustainability criteria.

The integration of ESG dimensions into the performance of products and services designed and distributed by the companies is particularly encouraged by Wendel, which considers these dimensions as opportunities. If the portfolio companies did not take them into account, they would risk losing competitiveness and not responding to new consumer demands. As an example:

- 92% of the Bureau Veritas Group's Certification activities have a direct impact on the environment, social issues, safety or product quality. Increases in Social (+1.8%) and Environment (-0.0%) certifications was higher than the average increase in Certification, unlike Quality (-8.7%) and Safety (-13%) certifications;
- in response to increasing regulatory pressure around the manufacture and use of plastic packaging, Constantia Flexibles has committed to ensuring that 100% of its packaging product portfolio will be recyclable by 2025. In 2019, the recyclability rate of its product range was 51%[(1)];
- in 2020, Cromology paints holding an environmental label (Eco-label Europe, *NF Environnement*, etc.) accounted for almost half of Cromology's revenue (48%). Water-based products account for 91% of the Group's total production;
- finally, to better adapt to the expectations of the main players in the clothing sector, Stahl has committed to greater transparency on the chemical composition of its coating products. In 2020, more than 1,200 Stahl products, listed on the online platform of the industry initiative, Zero Discharge of Hazardous Chemicals, hold the highest level of compliance under the initiative.

(1) The value for 2020 is calculated at the end of year n+1.

In order to measure the effective contribution of its companies to a universal objective of sustainable growth, Wendel uses the United Nations Sustainable Development Goals (SDGs) framework to qualify the sustainability challenges that its activity enables it to meet. This reference framework is also used by controlled companies within the portfolio.

Wendel has selected SDGs that are aligned to its business and believes that its ESG performance strategy will make a tangible contribution to achieving the following SDGs:

- **4.4** By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.
- **5.5** Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.
- **8.3** Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.
- **12.6** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.
- **13** Taking urgent action to combat climate change and its impacts.

In 2020, all of the companies that have been in the portfolio for more than 18 months included in their ESG roadmap an explicit reference to the SDG framework and selected the sustainability objectives to which they commit to contributing through responsible business practices.

4.1.8 Wendel ESG 2023 roadmap: Leading by example

I. Lead by example - Promote excellence and commitment

Uphold the highest governance, ethics, environmental and operational management standards					
COMMITMENTS		**2023 TARGETS**	**KPIs**	**2020 VALUES**	**COMMENTS AND REPORTING METHODOLOGY**
GOVERNANCE & ETHICS	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	100% of employees signed the Code of Ethics during the current year	100% of employees signed the Code of Ethics during the current year [Yes/No]	No	
			% of employees having signed the Wendel Code of Ethics	94%	
		100% of employees follow Wendel's annual Business Ethics training course	% of employees having followed Wendel's annual Business Ethics training course	98%	
		Review and strengthen the Code of Ethics annually at Executive Board level to ensure that compliance with the highest standards	Annual review of the Code of Ethics at the Executive Board level [Yes/No]	Yes	
		Ensuring that the robustness of our anti-corruption program is assessed annually	Annual audit of Wendel's Anti-corruption Program [Yes/No]	No	Implementation of the Wendel Protect tool in 2020 - audit conducted in 2021
SOCIAL & ENVIRONMENT	Carefully selecting and collaborating with our suppliers to ensure they meet our ESG standards	Deploy a Responsible Procurement approach	KPIs to be defined during the responsible purchasing process		
ENVIRONMENTAL	Minimizing our direct environmental impact and our carbon footprint by making eco-efficiency a priority in the decision-making process	Carrying out annual carbon reporting	Direct GHG emissions (scopes 1 & 2) (tons of CO_2 eq.)	101	
			Indirect GHG emissions (scope 3) (tonnes of CO_2 eq)	2,659	
			CO_2 eq emissions intensity scopes 1+2+3 per employee (tonnes of CO_2 eq/employee)	32	
		Reducing our carbon footprint by sourcing 100% renewable energy for Wendel offices worldwide	% of renewable energies in Wendel's energy consumption	21%	Renewable energy/Total energy consumed (electricity, gas, district heating) Across all 3 offices
		Reducing our carbon footprint by: ■ offsetting all GHG emissions that cannot be avoided or reduced further; ■ offsetting travel-related carbon emissions	GHG emissions offset (tonnes of CO_2 eq)	Program launched in 2021	
			% of emissions offset (ratio between Direct (scopes 1 & 2) and emissions offset)	Program launched in 2021	
		Promoting circular solutions and minimizing office waste going to landfill	% of employees covered by recycling systems	100%	Across all 3 offices
			Total volume of waste recycled per employee (tonnes)	0.08	Scope: Paris, Luxembourg Not available for New York
		Deploying a plan to reduce the use of paper across all offices	% of reduction of paper used	- 71%	Scope: Paris only The scope will be extended to other offices in 2021
Foster employability, inclusion, wellbeing, and engagement through concrete actions					
GOVERNANCE	Nurturing diversity and inclusion to expand the teams' perspectives and skills range	Adding ESG as a key mission of the Wendel Supervisory Board and Wendel Governance and Sustainable Development Committee	Number of meetings of Wendel Governance and Sustainable Development Committee dealing with ESG related matters	3	
			Number of ESG Steering Committee meetings	4	
		Maintaining or achieving gender balance, defined as maintaining a percentage of females within the workforce of between 30 and 60%: ■ among all Wendel employees;	% of women among employees	54%	
			Gender equality index result	55/100	

COMMITMENTS		2023 TARGETS	KPIs	2020 VALUES	COMMENTS AND REPORTING METHODOLOGY
		■ among employees in management positions. among Executive Board and/or Investment Committee and/or Management Committee;	% of women in management positions	37%	
			% of women in investment teams	37%	
			% of women on the Executive Board	0%	
			% of women on the Investment Committee	33%	
			% of women on the Management Committee	45.5%	
			% of women on the Coordination Committee	26%	
		■ at Supervisory Board level.	% of women on Supervisory Board	45%	
		Sign France Invest Diversity charter	France Invest Charter for gender equality signed [Y/N]	Yes	
		Initiatives aimed at sparking conversations and inspiring change	Number of initiatives to strengthen diversity and non-discrimination	7	
		Conducting an annual review of progress on diversity	Number of Equal Opportunity Reviews conducted annually by Wendel's governance bodies (Committees, Executive Board, Supervisory Board)	10	
			Review of salary differences M/F over the year [yes/no]	yes	
			Review of promotion systems & appointment over the year [yes/no]	yes	
			Review of M/F hiring rates over the year [yes/no]	yes	
		Create a Gender and Diversity Taskforce aiming at reducing gender gap and promoting diversity	Number of meetings of Gender and Diversity Taskforce of Wendel annually	In progress	
SOCIAL	Equiping our teams with lasting professional skills by providing all Wendel employees with a personalized career development plan and professional mentorship	100% of employees have formalized a skills development plan	Number of employees with a skills development plan	85	
			% of employees with a skills development plan	100%	
		100% of employees receiving non-mandatory training each year, in line with their career development plan objectives	% of employees trained (non-mandatory training)	98%	
			Number of hours of non-mandatory training (soft skills or technical, in alignment with employee career development objectives)	2,514.5	
			Hours of non-mandatory training (soft skills or technical, in alignment with employee career development objectives)	29.5	
		100% of employees receive mandatory training to acquire general or technical skills essential to their performance at Wendel	% of hours of mandatory training (*e.g.* annual business ethics training, etc.)	455	Compliance training hours and mandatory HR training hours
			Hours of mandatory training (*e.g.* annual business ethics training, etc.)	5.4	
	Promoting well-being to enable our employees to reach their full potential	Conducting quality-of-life-at-work surveys every two years, starting in April 2020	Survey on quality of life at work [Yes/No]	Yes	
			Participation rate in the survey on the quality of life at work of employees (%)	60%	
		Formalize and deploy employee wellbeing at work action plans addressing survey findings	Number of employee well-being initiatives in place	6	
SOCIAL & ENVIRONMENT	Enabling our teams to contribute to causes aligned with Wendel's values	Offering the opportunity to contribute one day per employee per year to non-profit organizations operating in communities where Wendel is present	Hours of volunteer work performed by Wendel employees during working hours (per year)	Deployed in early 2021	
		Establish long-term partnerships with at least two organizations	Number of long-term [> 2 years] partnerships formalized with non-profits [with localization]	3	
			Amounts (€) paid to different community/philanthropic projects	€881.8k	

II. Building sustainable businesses

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

COMMITMENTS		2023 TARGETS	KPIs	2020 VALUES	REPORTING METHODOLOGY
GOVERNANCE	Screening all potential investments using an up to date exclusion list reflecting Wendel's values as an investor	100% of investment opportunities reviewed using Wendel's exclusion list and identification of the most material ESG risks and opportunities	% of investment opportunities screened through Wendel's exclusion list	100%	
			% of investment opportunities reviewed through identification of material ESG risks and opportunities	100%	
		Annual review of Wendel's exclusion list and business model resilience test criteria at Investment Committee and Supervisory Board levels	Annual review of the exclusion list by Investment Committee and Supervisory Board (Yes/No)	No	Published in March 2020, will be reviewed in 2021
	Conducting ESG due diligence for all potential investments to confirm that the investment thesis is aligned with long-term trends, as well as full, in-depth ESG and compliance assessments on all new investments	100% of ESG investment opportunities assessed	% of investment opportunities having undergone in-depth ESG and compliance due diligence	100%	
	Defining precise ESG roadmaps for all portfolio companies	100% of portfolio companies having formalized an ESG transformation roadmap aligned with their global strategy	% of portfolio companies with an ESG roadmap	80%	CPI roadmap being formalized
			Of which companies held for more than 18 months	100%	
		100% of portfolio companies' progress *vis-à-vis* this roadmap is reviewed at Company Board level once a year	% of portfolio companies for which progress *vis-à-vis* this roadmap is reviewed at Company Board level for each company annually	80%	
			% of companies that have had a committee or a Board of Directors meeting that has reviewed an ESG-related topic	80%	
		Overall portfolio progress *vis-à-vis* their ESG transformation roadmaps is reviewed at Wendel Executive Board level annually	% of ESG transformation roadmaps reviewed each year by Wendel's Executive Board	80%	
		Overall portfolio progress *vis-à-vis* their ESG transformation roadmaps is reviewed at Wendel Supervisory Board level annually	% of ESG roadmaps reviewed each year by Wendel's Governance and Sustainable Development Committee and/or Supervisory Board	Yes	
	Hold Wendel & portfolio companies management teams accountable for progress made against ESG transformation roadmaps	100% of portfolio companies' Executive Management teams' variable compensation is partially conditional on progress *vis-à-vis* their ESG transformation roadmaps	% of portfolio companies' CEOs whose variable compensation is conditional on progress made *vis-à-vis* their ESG transformation roadmaps	80%	
		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)	% of variable compensation of Executive Board members which is conditional on overall portfolio progress *vis-à-vis* ESG transformation roadmaps	9.6%	
		100% of Wendel's Management Teams' variable compensation is partially conditional on overall portfolio companies' progress *vis-à-vis* their ESG transformation roadmaps	A variable portion of the Coordination Committee's remuneration is contingent upon the progress of all portfolio companies on their ESG transformation roadmaps [yes/no]	Yes	
	Continuously improving the quality of extra-financial portfolio-level information disclosure	Progressively align Wendel's annual extra-financial reporting with international standards, such as the TaskForce of Climate Disclosure (TCFD) reporting framework	Annual PRI score	First participation in 2021	
			Alignment with TCFD [Yes/No]	No	Analysis of the climate risk in our operating subsidiary – TCFD report available in 2021
			Communication on progress (COP) of the United Nations Global Compact	First participation in 2021-2022	

COMMITMENTS		2023 TARGETS	KPIs	2020 VALUES	REPORTING METHODOLOGY
ENVIRONMENT & SOCIAL	Assess and address the portfolio companies' exposure to transition and physical climate risks	100% of portfolio companies have assessed their carbon footprint	% of portfolio companies monitoring their carbon footprint	60%	All controlled companies except Cromology and CPI
			% of companies calculating their carbon emissions in scopes 1 and 2	*80%*	All controlled companies except CPI
			% of companies having estimated their scope 3 carbon emissions over the last four years	*60%*	All controlled companies except Cromology and CPI
			CO_2 eq emissions of scopes 1+2 (k CO_2 eq)	427,451	All controlled companies except CPI
			CO_2 eq emissions intensity of scopes 1+2 (defined for each company: kT of production, m² production, etc.)	Constantia: 56.08 tCO_2 e/ Million m² produced Cromology: 32.7 tCO_2 eq/ kTonne produced Stahl: 108.94 $kgCO_2$ e/t produced	Excluding CPI - not available Excluding BV - Reported emission intensity includes scope 3
		100% of portfolio companies have assessed their exposure to physical and transition climate change risks and opportunities	100% of portfolio companies have assessed their exposure to physical and transition climate change risks and opportunities [Yes/No]	Climate risk analysis in progress	
			% of portfolio companies with a Greenhouse Gas (GHG) emissions reduction plan	60%	All controlled companies except Cromology and CPI
			% of companies using renewable energy for more than 10% of their energy consumption	67%	Bureau Veritas: No (1.6%) Constantia: Yes (23%) Stahl: Yes (34%) Information not available for Cromology and CPI
			% of companies that have set and p ublicly communicated quantitative targets for reducing CO_2 eq emissions	60%	All controlled companies except Cromology and CPI
			% of companies with a climate change resilience plan that have been identified	Climate risk analysis in progress	
	Promote operational excellence & ESG-driven innovation across the portfolio companies	100% of portfolio companies have implemented actions to improve their eco-efficiency and environmental management	% of companies with an environmental management system (in particular *via* ISO 14001 certification) of all or part of their scope of activity	100%	Of the four companies for which this indicator is applicable (Bureau Veritas, Constantia, Cromology, Stahl) CPI: not applicable - Reduced environmental footprint
		100% of portfolio companies have adopted a continuous improvement approach to health and safety at work	% of portfolio companies have adopted a continuous improvement approach to health and safety at work	80%	Across all 5 companies Yes for Bureau Veritas, Constantia, Cromology and Stahl (certification) No for CPI (no certification or dedicated system, excluding H&S reporting)
			Lost-time accident frequency rate (per 1,000,000 hours worked)	1.08	Across all 5 companies Includes only employees for all companies except Constantia (temporary workers/ subcontractors also included) Hours worked are theoretical hours, with the exception of Constantia, which records hours actually worked

COMMITMENTS		2023 TARGETS	KPIs	2020 VALUES	REPORTING METHODOLOGY
ENVIRONMENT & SOCIAL	Promote operational excellence & ESG-driven innovation across the portfolio companies	100% of portfolio companies have adopted a continuous improvement approach to health and safety at work	Workplace accident severity rate (per 1,000 hours worked)	0.04	Across all 5 companies Includes only employees for all companies except Constantia Flexibles. (temporary workers/ subcontractors are also included)
			% of companies with a health and safety management system (including OHSAS 18001/ISO 45001) for all or part of their scope of activity	80%	For all five companies Yes for Bureau Veritas, Constantia, Cromology and Stahl (certification) No for CPI (no certification)
			% of companies organizing health and safety training	100%	For all five controlled companies
		100% of companies have committed to a better gender balance on their workforce	100% of companies have committed to a better gender balance on their workforce	80%	CPI roadmap being formalized
			% of women in the total headcount	29%	Across all 5 companies
			% of women in management positions	24%	Across all 5 companies
			% of women in shareholder governance bodies (Board of Directors or Supervisory Board as appropriate)	23%	Across all 5 companies
			% of women in operational governance bodies (Management Committee or Executive Committee as appropriate)	22%	Across all 5 companies
		100% of portfolio companies have identified priorities for offering sustainable products and services and having defined related action plans	% of portfolio companies have identified priorities for offering sustainable products and services and have defined related action plans	100%	Across all 5 companies
			% of net sales associated with sustainable products and services	28%	Across 3 companies ■ Bureau Veritas (Green Line, see section 4.2.1.2) ■ CPI (sustainable services = digital training) ■ Cromology (sustainable products = eco-labeled products) Not available for Constantia and Stahl
			Share of ESG-focused R&D projects (as a share of expenses)	37%	Across 3 companies Including Bureau Veritas, CPI and Stahl Not available for Constantia and Cromology

4.2 Wendel's subsidiairies, reviewed by an independent third-party body

4.2.1 Bureau Veritas

4.2.1.1 Mission of Bureau Veritas

Since 1928, Bureau Veritas has acted as a creator of trust between businesses, governments and society, and as an independent and impartial guarantor of its customers' word.

Identity

Bureau Veritas is a world leader in testing, inspection and certification. Created in 1828, the Group employs 75,000 people in more than 1,600 offices and laboratories worldwide. Bureau Veritas helps its customers improve their performance by offering services and innovative solutions to ensure that their assets, products, infrastructure and processes meet the standards and regulations relating to quality, health, safety, environmental protection and social responsibility.

As a Business to Business to Society services company, Bureau Veritas is helping to transform the world in which we live. It works closely with its customers to meet the crucial challenges they face, by aligning them with the new societal aspirations that are emerging. The Group plays a central role in building and protecting the companies' reputations, and supports them in building foundations of lasting trust.

Manifesto

Relationships between citizens, public authorities and companies are built on trust. In a rapidly changing world, this essential link is no longer a given.

Citizens and consumers are looking for verified and verifiable information on how companies develop, produce and deliver their goods and services. Decision-makers in all organizations need to demonstrate their CSR commitments to remain competitive and sustainable.

The work of Bureau Veritas enables organizations to operate and innovate in complete safety and to perform well. With its unrivaled expertise, technical knowledge and global presence, Bureau Veritas supports its customers in managing risks related to quality, safety, health and sustainable development for the benefit of society as a whole.

The company provides more than testing, inspection and certification services, and its work goes beyond compliance verification and has a much broader impact.

Bureau Veritas plays a central role in building and protecting companies' reputations, and supports them in building foundations of lasting trust.

Its mission: to build a world of trust by ensuring responsible progress.

Vision

A "Business to Business to Society" services company.

Bureau Veritas employees are at the service of its customers and are inspired by society: they make Bureau Veritas a Business to Business to Society services company, which contributes to positively transforming the world in which we live.

Purpose

Building a world of trust by ensuring responsible progress.

With its unrivalled expertise, technical knowledge and global presence, Bureau Veritas supports its customers in managing risks related to quality, safety, health and sustainable development for the benefit of society as a whole.

4.2.1.2 BV green line: services & solutions dedicated to sustainability

As a "Business to Business to Society" company, Bureau Veritas is dedicated to building trust between businesses, public authorities and consumers.

As a world leader in audit and certification services, Bureau Veritas helps its 400,000 clients to be more efficient, more methodical and more trustworthy in their journey towards a more sustainable business and a more sustainable world.

Sustainability is embedded into the Group's strategy, its entire organization, and across all its businesses.

With its expertise, Bureau Veritas partners its clients, helping them to meet the challenges of product and service quality, health and safety, environmental protection and social responsibility all along the value chain.

- Supporting its clients' efforts to reduce their carbon footprint, achieve net zero emission targets, use resources sustainably and manage the energy transition;
- Offering its expertise at every point in the supply chain, from raw materials sourcing to product use, ensuring fair, responsible procurement with full traceability;
- Supporting its Buildings & Infrastructure clients throughout all project phases: from planning and design to construction, operation, and refurbishment; and finally;
- Playing a vital role in the field of New Mobility, with services including battery testing, as well as a comprehensive range of services for electric vehicle charging stations.

Bureau Veritas strives to accompany all clients in delivering their sustainability strategy, and meeting the expectations of their employees and stakeholders.

Through its Green Line of services & solutions, Bureau Veritas empowers organizations – both private and public – to implement, measure and achieve their sustainability objectives, with confidence and transparency.

4.2.1.3 Bureau Veritas' CSR commitment

Bureau Veritas' commitment to Corporate Social Responsibility (CSR) issues reflects its wish to play its part in efforts that each company and citizen should make to address society's social and environmental challenges. Besides its compliance with CSR regulations, Bureau Veritas seeks above all to meet the needs of its clients and employees, as well as end consumers and all its stakeholders.

Owing to the nature of its services, Bureau Veritas has a direct and indirect impact on CSR issues:

- directly, in each of its businesses, entities, subsidiaries and regions;
- indirectly, Bureau Veritas offers a broad range of services aimed at improving the impact its clients have in terms of health and safety, security, environment and sustainable development.

The Group firmly believes that its actions in this respect are helping to prepare for the future in the best interests of its stakeholders.

This view is echoed in the commitment to social and environmental issues expressed by the Chairman of Bureau Veritas' Board of Directors and the Group's Chief Executive Officer, as set out below.

Bureau Veritas corporate social responsibility commitment

Bureau Veritas is firmly committed to Corporate Social Responsibility (CSR). It rounds out our "absolutes" and our fundamental values.

CSR is embedded in our purpose – being a responsible and sustainable business is part of our very DNA. Given the nature of our businesses, our mission as a company is to build trust between businesses, governments and citizens/consumers, while improving health, safety and quality, and protecting the environment.

As a leader of our market, we want to lead by example. In 2020, four key actions were initiated to accelerate the Group's CSR program. These involved:

- Supporting our clients across the world when they restarted business following the COVID-19 lockdowns by defining and putting in place health protocols to enable them to resume operations while also protecting their employees, users and clients;
- Launching our GREEN LINE of services and solutions dedicated to sustainability to support our clients in their transition to a more environmentally and socially sustainable economy;
- Updating our 2025 CSR STRATEGY by refining our priorities and objectives, along with our ambition of becoming the CSR leader in our business sector;
- Preparing a CLIMATE PLAN according to Task Force on Climate-related Financial Disclosures (TCFD) recommendations, which we have integrated into our strategy.

More than ever, Bureau Veritas and each of its employees remain dedicated to further improving the Group's footprint, particularly by protecting the environment, preserving biodiversity, defending human rights, acting ethically, and reinforcing safety and security.

Through our support for the United Nations' Sustainable Development Goals and the principles of the Global Compact, we want Bureau Veritas to remain a model company, responsible and committed towards the Society.

Aldo Cardoso: Chairman of the Board of Directors

Didier Michaud-Daniel: CEO

Further details on the Group's ESG commitments and policies can be found on the CSR pages of the Bureau Veritas website by clicking on the following link: https://group.bureauveritas.com/fr/groupe/batir-un-monde-meilleur/politiques.

4.2.1.4 Key achievements in 2020

2020 was the last year in the 2015-2020 period for which Bureau Veritas had set targets for performance improvements to CSR indicators.

Most of the 2020 CSR targets have been achieved – or even exceeded – as shown in the following table.

Indicator	2015 Results	2019 Results	2020 Results	2020 Target	Target achieved
Safety indicators					
Total Accident Rate (TAR)	0.67	0.38	0.26	0.40	
Lost Time Rate (LTR)	0.30	0.23	0.17	0.20	
Accident Severity Rate (ASR)	0.027	0.029	0.022	0.015	
ISO 45001 certification rate*	85%	86%	87%	85%	
Labor-related impacts					
Proportion of women in leadership positions	11%	19.5%	19.8%	25%	
Voluntary attrition rate	11.5%	11.6%	9.8%	<15%	
Absenteeism rate	1.14%	1.1%	1.4%	<2%	
Proportion of employees having taken at least one training course	N/A	100%	100%	100%	
Environmental indicators					
CO_2 emissions per employee (decrease expressed as a % *versus* 2015)	N/A	11%	23%	10%	
ISO 14001 certification rate*	77%	76%	83%	75%	
Quality indicator					
ISO 9001 certification rate*	85%	87%	91%	85%	
Ethics indicator					
Employees having signed the Code of Ethics	N/A	100%	100%	100%	

* *Percentage of the Bureau Veritas Group workforce connected to certified entities.*

In 2020, seven major initiatives were launched to accelerate the Group's CSR program:

- Work with the **External CSR Focus Committee** to adjust CSR strategy and priorities;
- Publication of **new CSR policies** for the following topics:
  - Anti-harassment,
  - Employee representation,
  - Employment flexibility,
  - CSR due diligence process for acquisitions,
  - Well-being at work;
- Creation of the **Green Line** of services & solutions to support businesses on their CSR projects;
- Development of the **Clarity** solution for managing the CSR program and tracking CSR indicators;
- Release of a **climate plan** in line with TCFD recommendations;
- Preparation of reporting compliant with the European **Taxonomy** Regulation;
- Continued action on:
  - Being a **fairer, more inclusive company,**
  - Improving **employee safety,**
  - Reducing our **environmental** impact.

4.2.1.5 Ratings and rewards

Bureau Veritas' ratings by rating agencies improved across the Board in 2020:

Dow Jones Sustainability Indexes	**Rated 84/100,** above industry average (35/100) Listed in Europe and World indexes **"Gold Class" and "Industry Mover" in S&P Global Sustainability Yearbook 2021**
MSCI	**Rated AA**
GOLD 2020 ecovadis Sustainability Rating	**Gold CSR rating for France**
CDP DRIVING SUSTAINABLE ECONOMIES	**Rated B,** above sector average (B-)
V.E	**Rated "Robust"** **Ranked #9/102** of its market sector
SUSTAINALYTICS	**Rated Low Risk** **Ranked #2** in Research and Consulting category
EthiFinance	**Rated 83/100,** above sector average (51/100)
Corporate ESG Performance Prime RATED BY ISS ESG	**Rated Prime**

4.2.1.6 CSR strategy by 2025

Governance

The CSR strategy of Bureau Veritas is prepared by the Group's CSR Department with the active participation of the College of CSR experts representing each of the support functions responsible for one or more ESG topics.

The CSR strategy was developed in conjunction with the Group's Strategy Department to ensure its alignment with the overall strategy of Bureau Veritas. It was presented in succession to the Chief Executive Officer of Bureau Veritas, then to the Strategy Committee of the Board of Directors, and finally to the Group's Executive Committee.

The presentation and deployment of the CSR strategy within the operational groups was completed in January 2021. For this, an action plan was drawn up with each operational group, or even for each region, whenever this was justified. The action plans were built on the basis of three key data points:

- the level of maturity of the local CSR management system. This indicator is the result of a self-assessment by each entity on the basis of a sustainability index covering all of Bureau Veritas' CSR policies;
- the level of performance of the local CSR management system. This indicator is expressed by 17 key indicators that the Group uses to monitor the implementation of its CSR strategy and the achievement of its objectives;
- the local cultural and regulatory characteristics in terms of CSR.

The CSR strategy is monitored:

- monthly, by each manager using the Clarity solution, which monitors the 17 key indicators and the progress of action plans;
- quarterly, as part of the Operating Reviews of each operational group;
- annually, by the Chief Executive Officer as part of the CSR management review organized during the first quarter.

At least annually, the Board of Directors and, more regularly, the Strategy Committee, are informed of the implementation of the Group's CSR strategy. They monitor the proper execution of the strategy and assess whether it needs to adjust to new regulatory requirements and any new stakeholder expectations (investors, shareholders, customers, employees, partners, etc.)

Priorities

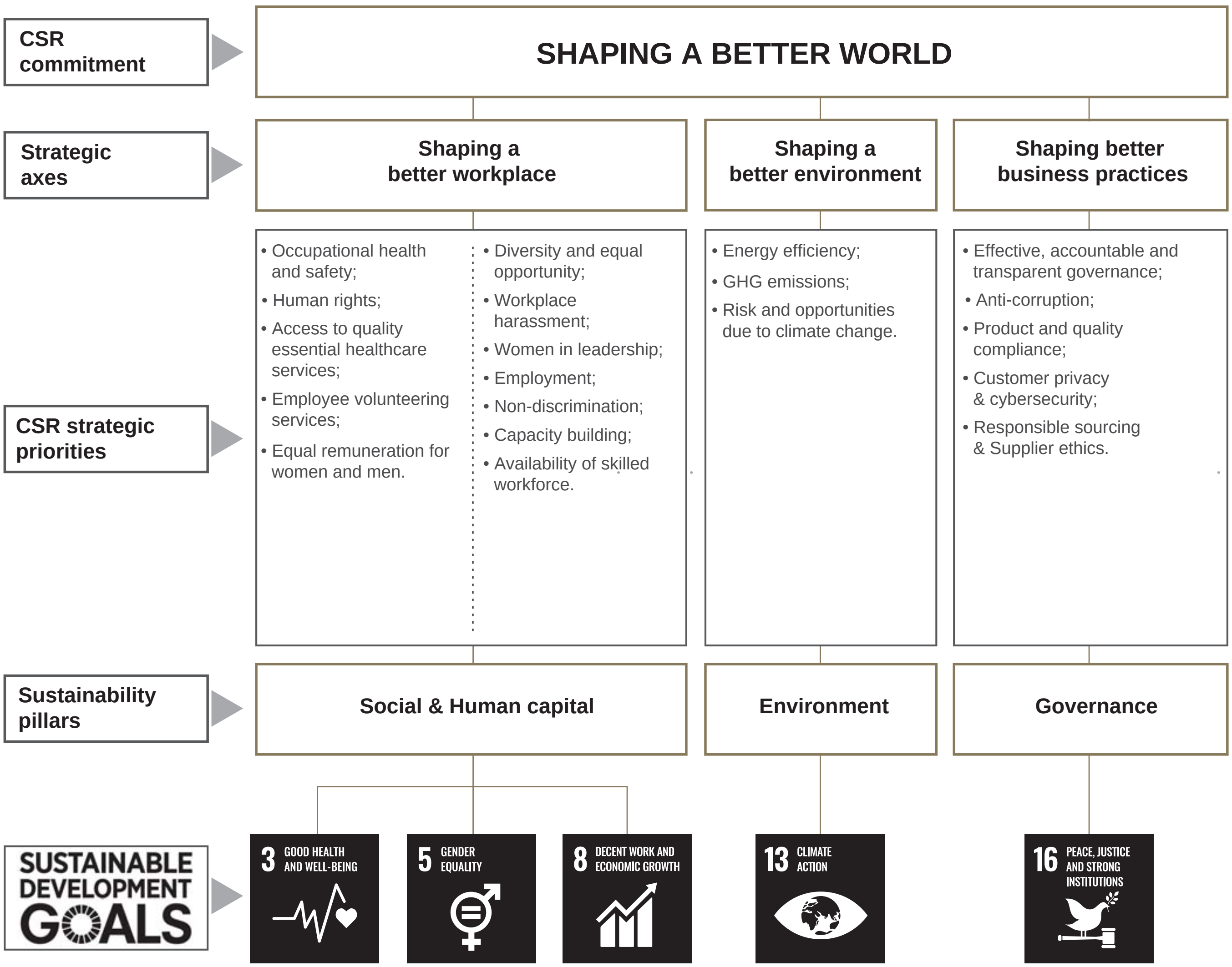
Bureau Veritas' sustainable development strategy is based on two main pillars:

- the development of Bureau Veritas' service offering to meet the new needs of its customers and society in the context of environmental and social transitions.
- corporate social and environmental responsibility, which reflects Bureau Veritas' commitment to implementing sustainable policies to meet stakeholders' expectations.

Through its mission and its business lines, Bureau Veritas contributes to "Building a world of trust". The Group's CSR strategy is fully in line with this objective and aims to "build a better world". It is based on three strategic areas:

- "Building a better working environment";
- "Contributing to better protection of the environment";
- "Promoting Best Business Practices".

This strategy focuses on five United Nations Sustainable Development Goals. It is built on three pillars of sustainability: "social and human capital", "the environment" and "governance". The CSR strategy focuses on the following twenty priority themes:



BUREAU VERITAS – **OUR VALUE**

MEGATRENDS

Our approach to social and environmental challenges

ECONOMIC GROWTH, DEMOGRAPHIC GROWTH AND EMERGENCE OF MIDDLE CLASSES:

- Growing demand for safety, security, quality, and standards
- Increasing investment in infrastructure

USE OF MORE COMPLEX TECHNOLOGIES (IOT, AI, ETC.), ACCELERATION OF THE DIGITAL TRANSFORMATION, SHORTER PRODUCT LIFECYCLES:

- Increase in and subcontracting of testing
- Greater oversight of the supply chain and the number of subcontractors to be managed
- Greater investment in digital infrastructure and new technologies
- Critical challenge of ensuring the security of systems and communications, and data protection

SUPPLY CHAIN STRUCTURES INCREASINGLY COMPLEX:

- Need for support in making supply chains more transparent and resilient
- Need for comprehensive solutions across the value chain

ACCELERATION OF SUSTAINABLE DEVELOPMENT:

- Commitment by States to social and environmental issues, with stricter regulation and substantial investments
- *Sine qua non* for businesses to ensure viability and improve economic and financial performance in the long term

PROTECTION OF GLOBAL BRANDS INCREASINGLY DIFFICULT:

- Importance of being recognized as a responsible corporate citizen going beyond regulatory requirements
- Proactive worldwide management of CSR and QHSE issues

SPECIALIST PLAYERS MANDATED BY PUBLIC AUTHORITIES TO CONDUCT INSPECTIONS:

- Greater responsiveness to adapt to market imperatives
- Significant reduction in public spending

OUR RESOURCES

ECONOMIC CAPITAL

- A long-standing controlling shareholder and a widely-held free float
- A robust, balanced financial model underpinned by a long-term vision
- **€1,286 million** in equity

HUMAN CAPITAL

- **75,000** employees
- Qualified, highly-trained personnel in a supportive environment
- An inclusive culture: **20%** of executive-level managers are women; **34%** of employees are in the 25-34 year age bracket and **50%** in the 35-54 year bracket
- 155 nationalities represented within the Group
- An entrepreneurial culture
- A global network of subcontractors

INDUSTRIAL CAPITAL

- A network spanning almost **140 countries**
- **More than 1,600** offices and laboratories

INTELLECTUAL CAPITAL

- A strong brand with a **190-year** track record
- **3,500** accreditations, approvals and authorizations
- Numerous alliances and partnerships with leading players
- Group-wide digital transformation

SOCIETAL AND ENVIRONMENTAL CAPITAL

- Structured growth based on sustainable practices
- An idea of shared value creation at the heart of the growth strategy
- "Lean" management to develop a culture of ongoing performance improvement and a reduced carbon footprint
- Dedicated services and solutions to support organizations in confidently and transparently delivering their sustainability strategy
- With our contribution, businesses can measurably demonstrate the impact of their ESG actions by making them traceable, visible and reliable

OUR PURPOSE

- **Since 1828, we have acted as trust makers between companies, governments and society, independent, impartial guarantors of our clients' word.**

VISION

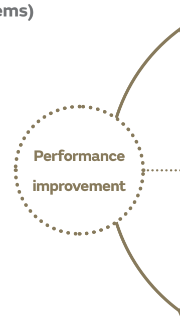
- **Our employees serve our clients and are inspired by society; they make Bureau Veritas a *Business to Business to Society* service company that contributes to positively transforming the world we live in.**

OUR SERVICES

Verification of conformity with regulations or self-imposed standards (assets, products, systems)

Reference frameworks: international standards (e.g., ISO), regulations, self-imposed standards prepared with clients.

Technical assistance and regulatory support services (assets, products, systems)

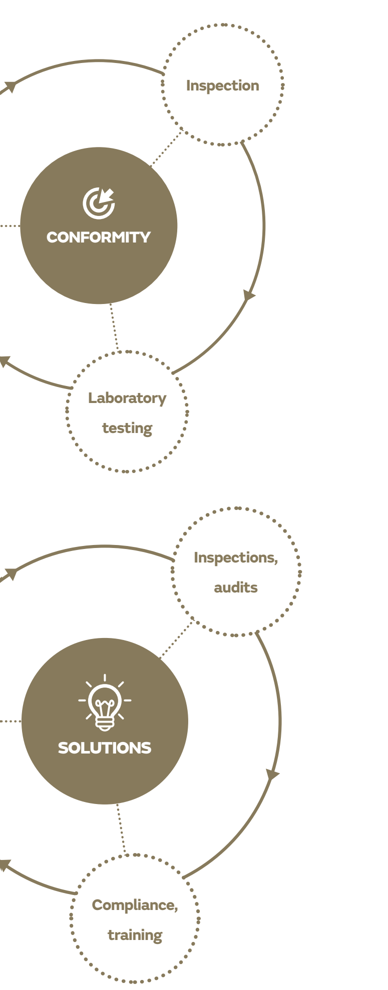


(1) Proposed dividend, subject to Shareholders' Meeting approval.

CREATION MODEL

MISSION

- Shaping a World of Trust by ensuring responsible progress.
- Thanks to our unrivalled expertise, technical knowledge and worldwide presence, we support our clients by managing quality, safety, health and sustainability risks, to the benefit of society as a whole.



OUR ACHIEVEMENTS AND RESULTS

ECONOMIC CAPITAL

- Organic revenue decline was limited to **6.0%**, despite the Covid-19 pandemic
- Free cash flow of **€634 million**
- **€0.36** dividend per share (1)

HUMAN CAPITAL

- Bureau Veritas ranked as a diversity leader by the *Financial Times*
- **23.9 training hours** given per employee
- **10,880** hires under permanent (or similar) contracts
- Employee engagement rate of **69%**
- Total accident rate down **66%** since 2014
- **98.5%** of employees trained on the Code of Ethics

INDUSTRIAL CAPITAL

- New sites opened, especially laboratories in the Asia Pacific region and the Americas (e.g., 5G labs in China, Taiwan and South Korea)
- Disposal of non-strategic businesses and assets in targeted markets and geographies

INTELLECTUAL CAPITAL

- Significant capacity for innovation with the launch of new services and global solutions
- Global deployment of digital solutions (3D, IoT, robotics, AI, e-commerce)
- Worldwide partnerships with leading technology players

SOCIETAL AND ENVIRONMENTAL CAPITAL

- Contributing to a safer, more trusting world
- **84%** of activities ISO 14001-certified
- Signatory of Act4Nature commitments to protecting biodiversity
- Ecovadis "Gold" rating for environmental practices
- **DJSI score of 84/100**, compared with the industry average of 35/100
- **"B" rating** from the CDP, above the industry average (B-)
- **€387 million** in payroll charges
- Adjusted effective tax rate of **36.6%**

VALUE CREATED FOR OUR CLIENTS

- **Improving risk management**
  - Managing QHSE risks
  - Managing reputation risks
- **Facilitating trade**
  - Compliance with national and international standards and regulations
  - Verification of quantity and quality of goods traded
- **Enhancing performance**
  - Operating, business, social and environmental performance
  - Improving product and service quality
  - **Verifying implementation of commitments (sustainability, emissions reduction, etc.)**

SHARING THE VALUE CREATED WITH OUR STAKEHOLDERS

€4.6 bn in 2020 revenue

€1.4 bn due to suppliers (purchases of goods and services) and subcontractors (engagements)

€1.9 bn in wages, salaries and bonuses due to employees

€176 m in taxes

€88 m in net capex to support the development of our businesses for and with our clients

€0.36 (1) due to shareholders (dividend per share)

4.2.2 Constantia Flexibles

4.2.2.1 Presentation of the Company's activity

Founded by Herbert Turnauer in the 1960s, the Constantia Flexibles Group, headquartered in Vienna, produces flexible packaging, primarily for the agri-food and pharmaceutical industries, through two divisions: Consumer and Pharma. The Wendel Group is the majority shareholder of Constantia Flexibles, with a ~61% equity holding. Other shareholders are the Arepo Foundation, with a ~27% holding, and Maxburg Capital Partners, with ~11%.

Constantia Flexibles is the world's third largest producer of flexible packaging, with sales of roughly €1.5 billion in 2020. The Group generated 66% of total turnover in Europe, 17% in the Americas, 6% in the Middle East, Africa, Australia and 11% in Asia. Based on the guiding principle, some 8,275 employees located in 19 countries – including Headquarters and other offices – produce tailor-made packaging solutions at 37 productions sites in 16 countries. Moreover, Constantia Flexibles has successfully developed its activity outside Europe and, over the last years, has become a global leader in flexible packaging. Constantia Flexibles' innovative products, with their focus on preservation, promotion and protection, attract and convince global players and local market leaders of the food- and pharma-industries the same way.

The product variety manufactured at Constantia Flexibles' operating locations is based on aluminum- and plastic-foils, for which patents are registered. The company is the global market-leader in die-cut lids for dairy products,flexible packaging of confectionery products and deep-drawn aluminum-containers for food and pet food. Moreover, Constantia Flexibles is also a global leader for blister- and coldform-foils supplied to the pharma-industry.

Constantia Flexibles works with the following goal in mind:

"We envision a world in which packaging provides people with the highest benefit at the lowest impact on the environment."

Integrating Corporate Social Responsibility (CSR) commitments in respect for the environment into its business activities, Constantia Flexibles pays particular attention to continual improvements in the consumption of raw materials, which are essentially aluminum, plastics, paper, and chemicals like inks and solvents. Already in 2018, Constantia Flexibles pledged that 100% of its packaging solutions would be recyclable by 2025 and set an absolute Greenhouse Gas (GHG) emission reduction target. Constantia Flexibles closely monitors the possible impact of its products on the environment, in particular by performing life cycle assessments.

The opening of a newly built production facility in India in 2019, 100% dedicated to produce the recyclable product-family "EcoLam", which is based on monopolymer laminates from Polyethylene (PE), bookmarks in particular one of the milestones of Constantia Flexibles' way of business to grow by following the vision and mission and in particular its commitment to developing all packaging to be recyclable by 2025.

Constantia Flexibles prioritizes the health and safety of everybody who works with and for Constantia Flexibles and takes proactive measures to achieve its vision of "Zero Loss – No Harm" which is underpinned by the duty to create and maintain a safe and sustainable work environment.

Constantia Flexibles

SHAREHOLDER GOVERNANCE

SHAREHOLDERS : WENDEL (61%), AREPO FOUNDATION (27%), MAXBURG CAPITAL PARTNERS (11%)

SUPERVISORY BOARD : **8** members — **25%** of independent

2020 REVENUE

€1.5bn

VISION

We envision a world in which packaging provides people with the highest benefit at the lowest impact on the environment.

MISSION

We rethink packaging every day to make a positive, sustainable and meaningful contribution to our customers and the environment.

We are driven by passion and our aspiration for know-how and competence to make people's lives healthier, better and safer.

VALUES

PEOPLE,
PASSION,
PACKAGING

ENVIRONMENTAL PERFORMANCE

TARGETS:

100% of packaging recyclable by 2025

Science Based Target: GHG-emissions reduction (scope 1, 2, 3): **24% by 2030**
49% by 2050
(reference year 2015)

2020 PERFORMANCE:

51% of packaging sold is recyclable*

-17% reduction of GHG -emissions (scope 1, 2(1), 3(2))
(1) Scope 2 location based
(2) Peer-reviewed Scope 3 value 2019

CDP Climate Score: **A-**

EcoVadis Score: **Gold Level**

* 2019 value. The 2020 value will be available at the end of year n+1

RESOURCES

HUMAN CAPITAL

~8,275 employees
- 58% Europe
- 25% Asia
- 11% America
- 6% Middle East, Africa & Australia

INTELLECTUAL CAPITAL

57 active patent families, thereof:

PROCUREMENT

Main raw materials	Aluminium	Plastic	Chemicals (inks & solvents)	Paper
Share in supplies (per volume purchased)	~35%	~31%	~23%	~7%
Supplier country	Europe , China, Russia, Turkey	Europe, India, Mexico, Turkey	Europe, India Mexico, Turkey	Europe India South Africa

USE OF RESOURCES

Integrated production: Material sourcing, Rolling → Lacquering, Lamination, Extrusion → Printing, Cutting → Finishing, Customer Service

OUTPUT

PRODUCTS

CONSUMER MARKET
- Confectionery foil
- Die-cut lidding
- Alu-container systems

PHARMA MARKET
- Blister lidding foils
- Coldform foils

REVENUE BREAKDOWN

- 11% Asia
- 6% Middle East, Africa, Australia
- 17% America
- 66% Europe

~74% in CONSUMER-Division
~26% in PHARMA-Division

* Source of position: Comparison of turnover of flexible packaging compared to other manufacturers´ annual statements

OPERATIONAL GOVERNANCE

EXECUTIVE BOARD :

8
members

- 43 issued (split into Foil: 23, Film: 16, Paper: 1 and 3 general patent-families),
- 14 in application-status (split into Foil: 4, Film: 6, Paper: 2 and 2 general patent-families).

R&D

5
research centers (Consumer, Pharma)

81
experts

CERTIFICATIONS / MANAGEMENT SYSTEMS

100% of production sites hold a Quality Management certificate (e.g. ISO 9001)

12 production plants **certified on ISO14001**

6 production plants **certified on ISO45001**

Additional certificates like **British Retail Standard** (BRC) or **ISO 15378** as appropriate

PRODUCTION

37 manufacturing sites IN **16** countries

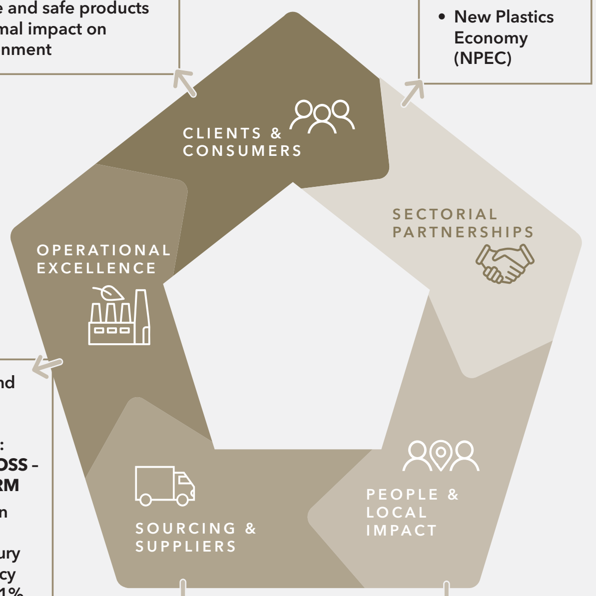
#3 GLOBALLY*

#2 IN EUROPE*

Value creation for External Stakeholders

Innovative and safe products with minimal impact on the environment

- A Circular Economy for Flexible Packaging (CEFLEX)
- New Plastics Economy (NPEC)



- Vision and goal for Health & Safety: **ZERO LOSS - NO HARM**
- Evolution of Lost Time Injury Frequency Rate: -61% from 2018 to 2020

- Aluminium Stewardship Initiative (ASI)
- Forest Stewardship Council (FSC)

- Local initiatives towards communities: START Austria, cooking at VinziRast, donations

KEY

Key partners | External resources | Internal resources

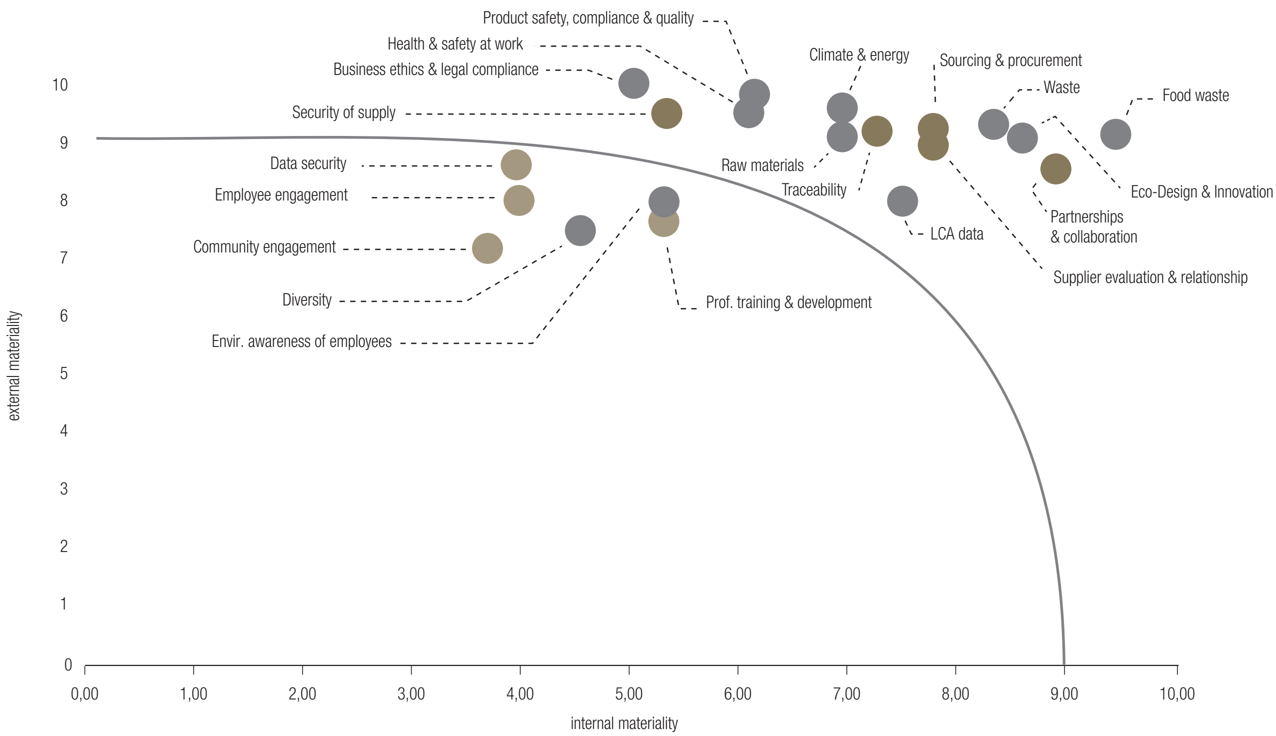
4.2.2.2 Materiality Matrix

In accordance with the Global reporting Initiative (GRI) Constantia Flexibles assesses the materiality of its ESG issues. With respect to relations with its stakeholders, Constantia Flexibles combined an internal impact assessment with a broad stakeholder analysis in accordance with the AA1000 stakeholder engagement Standard. Stakeholders were requested to share their view (external materiality) on Constantia Flexibles' sustainability topics (internal materiality) and to rate Constantia Flexibles' engagement in these areas using an online questionnaire developed together with specialized external experts.

The result of this assessment shows that Constantia Flexibles' internal view on the materiality of the Company's sustainability topics is largely in line with the external assessment by its stakeholders. Qualitative responses were focused on environmental issues, providing a qualitative indication of importance. Many remarks and stakeholder expectations stressed topics with regard to eco-design, recyclability, barrier function, environmental impact of packaging materials and the communication of features to the broad public. Regarding Constantia Flexibles' engagement, topics such as product safety and compliance, business ethics, packaging and design, traceability as well as health and safety at work were rated as high, demonstrating the Company's areas of strength.

Constantia Flexibles is already working on all topics with highest materiality and will continue to focus on these areas and to further pursue an intensive dialogue with its stakeholders.

Constantia Flexibles materiality matrix



4.2.2.3 Overview of main risks

Constantia Flexibles has defined the following material risks as being key for sustainable non financial performance correlated with economic performance. The following main risks are based on the comprehensive assessment of materiality and on the established internal risk and opportunity management system.

As a manufacturer of flexible packaging for agri-food and pharmaceutical industries, Constantia Flexibles considered that the topic of "Fight against food insecurity, respect for animal welfare, responsible, fair and sustainable food" does not represent a main extra-financial risk and does not need to be developed in this declaration.

Overview of Constantia Flexibles main extra-financial risks, policies and KPIs

CSR Topics	Extra-financial risk	Description	Mitigation policies and actions	KPIs	Related paragraph
HEALTH & SAFETY (Wendel priority)	Hazardous working conditions	Several manufacturing processes (technology, machinery) and hazardous substances (*e.g.* solvents, inks) used to produce flexible packaging have the potential to harm people's health & safety	Group Policy for HSSE plus annexure "Group HSSE Policy" stating its vision of ZERO LOSS-NO HARM Other underlying Group standards for Health & Safety HSSE-related aspects to be considered in continuous improvement process-schemes (CIP) at plant level	Lost Time Injuries Frequency Rate (LTIFR) Number of Occupational Diseases	4.2.2.6.2.4
	Consumer H&S	Constantia Flexibles transforms this requirement into strong business opportunities by developing new packaging solutions to satisfy the need of (end-) customers' Health & Safety for its direct clients (food- and pharma-industry)	Register of regulatory requirements and further internal regulations on Food Safety/Food defense plan (incl. HACCP) and for GMP and hygiene-aspects in production	% of production sites holding at least one product safety and quality related certification	4.2.2.6.2.5
ESG PERFORMANCE OF PRODUCTS (Wendel priority)	Increasing demand and regulation for sustainable packaging	Current and emerging regulations regarding packaging and the circular economy	Active collaboration in supply chain spanning initiatives and projects (*e.g.* New Plastics Economy, CEFLEX, Stop Waste Save Food Initiative, Sustainable Packaging Coalition, UN Save Food Initiative, European Commission's PEF initiative) Signatory to the New Plastics Economy Global Commitment, pledging that 100% of packaging will be recyclable by 2025 Opening of Ecoflex Ahmedabad in 2019, the first plant on the planet designed to produce recyclable flexible packaging only (EcoLam product family) Life Cycle Assessments (LCA) are conducted with a peer-reviewed LCA-meta-model	Recyclability of product portfolio (%)	4.2.2.61.2

CSR Topics	Extra-financial risk	Description	Mitigation policies and actions	KPIs	Related paragraph
ENVIRONMENT	Climate change	The global increase of Greenhouse Gas (GHG) emissions from human activities is a significant driver of global warming, having severe and costly consequences for ecosystems and communities	Sustainability Policy in place. Measurement and reporting of direct and indirect GHG emissions (Scope 1, 2 & 3) of all plants worldwide Absolute and relative GHG-emissions reduction targets in place Plant certifications (ISO 14001 and ISO 50001)	Renewable electricity (% total electricity consumption) GHG intensity – Scope 1 & 2. ($ktCO_2$ eq/Mio.m^2 produced) Total absolute emissions (1+2+3) - kt CO_2 eq	4.2.2.6.1.1
	Air pollution	Constantia Flexibles is aware of the risk of air pollution and the impact of volatile organic compounds (VOC) emissions on the environment. These emissions originate in plants through the use of solvents	Sustainability Policy in place Regenerative Thermal Oxidizers installed in several plants	VOC emissions intensity (t/Mio.m^2 produced) Consumer division Pharma division	4.2.2.6.1.4
LABOR	Shortage of skilled workers	Motivated and well-trained employees are key to the success of Constantia Flexibles. However, finding skilled workers, especially on shopfloor level, is becoming increasingly difficult and in some areas is a major issue Thus, Constantia Flexibles is facing the risk of non-availability of qualified employees and consequently the risk of not filling crucial positions, whether at blue collar, specialist or management level	Policies are implemented at site level as per local needs and requirements	Hire rate Turnover rate	4.2.2.6.2.1
	Lack of training and development activities	As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success. Insufficient training and development activities can lead to a decrease in motivation, resulting in high attrition and low performance, increased recruiting/replacement costs and loss of competitive advantage	Group Training Policy in place that governs minimum requirements, roles and responsibilities as well as documentation, evaluation and reporting requirements at a global level	Training hours per FTE (Full-time Equivalent) Share of employees trained for at least 1 day	4.2.2.6.2.3
SUPPLY CHAIN	Environmental, social and ethical risks in raw material sourcing	Risks in relation to Constantia Flexibles' raw material sourcing (aluminum, plastics, paper, and chemicals like inks and solvents)	Supplier Code of Conduct in place. Ethical Sourcing Policy in place Aluminium Stewardship Initiative certification of C. Teich Supplier audits and CSR evaluation	Number of suppliers audits carried out CSR questionnaire coverage of suppliers (in Scope 3 emissions and procurement spend)	4.2.2.6.1.3

4.2.2.4 Highlights 2020

Constantia Flexibles understands the value of initiatives that support the sustainable improvement of its products and of required manufacturing processes as an opportunity for value creation fueled by relationships with key stakeholders based on operational excellence.

Initiatives which go far beyond legal requirements underpin its global commitment to achieve its bold ambition of providing superior solutions of flexible packaging that improve people's daily lives and respect society and the environment.

The highlights in terms of sustainable development in 2020 are as follows:

- Environment:
  - Constantia Flexibles formalized and published an Responsible Sourcing Policy, outlining the expectations the Company has towards suppliers in regards to human rights, labor rights and the environment,
  - Constantia Flexibles is among the companies that achieved the CDP Climate Change Leadership level (A-), awarded for the above average scores the Company obtained in relation to climate change reporting and climate protection efforts. In addition, Constantia Flexibles has been identified as a global leader for engaging with its suppliers on climate change, being awarded a position on the 2020 Supplier Engagement Leaderboard by CDP,
  - for the fourth time in a row, Constantia Flexibles has been awarded the EcoVadis gold medal in recognition of its CSR achievements. This result places Constantia Flexibles among the top 2% of companies assessed by EcoVadis in this industry on their respect for the environment, human rights and labor law, ethics and responsible purchasing,
  - audit of the Group's largest plant, Constantia Teich, located in Austria, according to the Aluminium Stewardship Initiative's Chain of Custody Standard in 2019, including the implementation of a biodiversity assessment of all plants, officially receiving the ASI Chain of Custody certification at the beginning of 2020,
  - Constantia Flexibles has been selected as one of 50 global companies uniting in an international sustainability and climate initiative supported by the United Nations and Bloomberg. This initiative includes videos of companies that are pioneers in the field of sustainability,
  - publication of the results of the "Stop Waste – Save Food" project, in which Constantia Flexibles with other stakeholders investigated the impact of food packaging in terms of improving the quality and protection of products and their shelf life allowing thereby the reduction of food waste,
  - Constantia Flexibles is part of the HolyGrail 2.0 initiative, a pilot project with the objective to prove the viability of digital watermarking technologies for accurate sorting and consequently higher-quality recycling in the EU;
- Health & Safety:
  - for the third year HSSE Award (Health, Safety, Security & Environment) was granted to the best-performing plant in this area. The jury analyzes various safety initiatives, which exceed the legal requirements and show a remarkable involvement of the shop floor personnel. For such solid long-term (safety) performance, the team of Parikh Packaging in India received the HSSE Award 2020,
  - Constantia Flexibles manages the Covid-19 pandemic with Group- and local crisis teams. Highest standards of even more stringent hygiene-equipment and rules including required information and training campaigns to employees and leased personnel as well as for contractors and visitors still ensure to minimize the spread of the virus,
  - in 2019, the topic of Fire Safety got ranked as top-priority. In 2020 Constantia has carried out the following actions: installation of sprinklers, setting up of training courses, etc.. Constantia Flexibles continuously strengthens its capabilities to effectively protect all people exposed to manufacturing-processes with combustible materials;

- Social:
  - Constantia Cooking – Employees of Rivergate headquarters cook monthly for the homeless at VinziRast in Vienna since 2009,
  - START Austria – Constantia Flexibles is supporting "START" students in Austria. Young people from countries such as Afghanistan or Syria, are encouraged and supported to get the maximum out of their talents. This is achieved, notably by language support and training,
  - during the "Toy Day" at Aluprint in Mexico, employees donated toys, clothes and food to support families in need,
  - the team of the Constantia Teichplant in Austria is supporting a long-term initiative where underprivileged children from local schools obtain financial support for extracurricular activities such as English lessons and sports activities,
  - in Turkey, the team at Constantia Flexibles' plant ASAŞ supported a charity campaign aimed at helping people affected by the earthquake in Izmir. As part of the campaign, food, hygiene products and clothing were collected and handed over to people in need,
  - in Russia, the team at Constantia Flexibles' Kuban plant donated to hospitals for the purchase of protective suits and masks during the Corona pandemic.

4.2.2.5 Protection of health and safety and business continuity in the context of Covid-19

Constantia Flexibles as a global manufacturer and system-relevant supplier of essential flexible packaging for agri-food and pharmaceutical industries elaborated stringent preventive measures contributing to the highest standards of behavior and hygiene.

The measures also include the group-wide dissemination of internal information and training material for all teams, hired personnel as well as for contractors essentially working on site and also for visitors to defeat the virus. These awareness-campaigns contribute to the people's health and safety throughout the group and ensure the continuing production of flexible packaging within the system-relevant supply-chain.

From the start of the pandemic, the local crisis teams have been monitoring the relevant development of infections within their region and have been reporting the occurrence of infections from their site to the Group Crisis Team. Monitoring these numbers allowed this team to publish detailed reviews and implement business-continuity management plans (BCM) adapted to the health context.

The Executive Management Team has been informed on an on-going basis about the status of suspicious cases and also of positively tested infections within Constantia Flexibles to decide on further adoptions of existing measures.

During March 2020, several shutdowns of industrial plants not concerning Constantia Flexibles took place in the tremendously affected areas of Central Europe. Those closures were determined by local authorities especially in the Northern part of Italy, - close to two Constantia Flexibles-production sites. After being informed of their temporary closure, the CEO with the team of the Executive Committee decided to reinforce security and to centrally purchase masks for Constantia Flexibles-sites as one of the key preventive and proactive measures for ensuring ongoing production under increasingly stricter requirements. About 100,000 masks of type FFP2 (filtering face piece, class 2) and another 120,000 pieces of standard protection were split into delivery for a potential consumption at European plants for an minimum of 6 weeks, until further amounts of masks could have been procured locally. Moreover, two other key-production sites of Constantia Flexibles were assigned to keep a certain amount of those masks as internal safety-stock to cope with the impossibility of future additional deliveries from abroad or the European Union.

As part of the actions to preserve the health and safety of the people as described above, Constantia Felxibles strongly recommended teleworking to all those who were able to do so. Thus, the employees of the Vienna headquarters have made extensive use of it. Constantia has accompanied this process by allowing, for example reasonable IT-equipment like additional screens for laptop-users to be taken home.

Due to the successful rollout according the IT-strategy of Constantia Flexibles, certain upgrades and extensions allowed collaborative work to continue with good connectivity and high availability - with an option to share securely stored data. The upgrade to Microsoft 365 including features like the internet-meeting tool Teams and the shift to Cloud-based solutions for data-storage have accelerated the digital setup within the group, which contributed to the successful shift to homeoffice technology-wise.

In addition, an online shop was established for customers. The advantages of decreasing formal efforts while raising efficiency created a win-win situation for buyer and Constantia Flexibles as supplier.

The health context allowed Constantia to accelerate health and safety, IT deployment, and to test the effectiveness of its global business continuity plans. Economically and socially, the pandemic has highlighted the central role of players such as Constantia Flexibles in the food and pharmaceutical supply chain. The Group has demonstrated its reliability and ability to meet customers' needs in an unprecedented context.

4.2.2.6 ESG Approach and Roadmap

As a company specialized in the field of flexible packaging, Constantia Flexibles is fully aware of its economic, social and environmental responsibility.

Constantia Flexibles imagines a world in which packaging offers the best features with the lowest environmental impact. With a global presence, the Group measures its environmental and social impacts.

Constantia Flexibles is rethinking packaging day after day to make a positive, sustainable and significant contribution to its customers with the least negative environmental impact while respecting its teams' health and safety. The ESG roadmap below presents the main commitments of Constantia Flexibles and the key indicators to measure its performance. The following chapters explore each of these topics in greater depth. As part of the extra-financial performance statement (EFPD), other extra-financial indicators and risks, not included in the roadmap, are also published in this document.

ESG Governance

The Board of Directors oversees ESG issues and all Constantia Flexibles employees, across all departments, are committed to implementing the strategy.

ESG Roadmap

	Theme	Commitment	Targets	KPIs	2020	Unit
ENVIRONMENT	**Climate Change: GHG emissions**	We are committed to minimize our impact on the environment and to continuously improve our sustainability performance, especially in relation to greenhouse gas (GHG) emissions.	We commit to reduce absolute scope 1, 2 and 3 greenhouse gas emissions 24% by 2030 and 49% by 2050 from a 2015 base-year (approved by the Science Based Targets initiative).	GHG-emissions Scope 1, 2 (market based), 3	1,646[(1)]	kt CO_2e
ENVIRONMENT	**Circular Economy: Recyclability of products**	We aim to design our products based on sustainability criteria – applying a holistic life cycle approach – and to meet the challenges of the circular economy.	We pledge that 100% of our packaging will be recyclable by 2025.	Recyclability of product portfolio	51*	%
ENVIRONMENT	**Sustainability and collaboration along the value chain**	We commit to consider social and environmental responsibility, as well as fair and ethical business principles throughout the supply chain.	We strive to continuously increase the number of suppliers audited, covering ESG topics.	Number of supplier audits	20	
			We commit to continuously train our procurement personnel on sustainable procurement issues.	% of strategic buyers across all locations who have received training on sustainable procurement	90	%
SOCIAL	**Health & Safety at work**	We promote the constant development of health & safety at work with the aim of continuous and sustainable improvement of the work environment.	We strive for achieving our goal of "ZERO LOSS – NO HARM"	Lost Time Injury Frequency Rate (LTIFR)	2.6	
				Number of occupational diseases	0	
SOCIAL	**Health & Safety of consumers: safe products**	We consider legal compliance and safety of our products to be a top priority and commit to keeping the highest standards with regards to product safety and quality.	We strive for all production sites having at least one relevant product safety or quality certification.	% of production sites with at least one certification in relation to product safety and quality	100	%
SOCIAL	**Diversity & equal opportunity**	Our employees make the difference, therefore we foster diversity at the workplace: Constantia Flexibles is made up of people of various origins, cultures, religious affiliations, genders and ages.	We target to be a company where female employees are supported to advance their careers at any managerial level. The goal is to develop our female employees's leadership skills as well as to increase our focus on hiring female employees in management positions.	% of female managers in top management (Constantia Grade 1-6)	9.8	%
SOCIAL	**Talent attraction, development and retention**	Motivated and well-trained employees are key to our success. We commit to continuously support the development of our workforce.	We target to increase the number of employees being trained for at least one day p.a. to reach a broad coverage across all employee groups.	% of employees trained for min 1 day	49.36	%
GOVERNANCE	**Business ethics**	We commit to fair, ethical and sustainable principles of action and conduct throughout the group and our supply chain, as stated in the Code of Conduct and Code of Conduct for Suppliers.	We commit to continuously audit our plants on business ethics issues.	Internal corruption risk assessment conducted	yes	yes / no

(1) Scope 2 location based value, Scope 3 peer-reviewed value of 2019. *Value for 2019. The value for the year 2020 is available at the end of year N+1.

4.2.2.6.1 Environment

4.2.2.6.1.1 Climate Change (including the monitoring of Greenhouse Gas (GHG) Emissions)

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
The global increase of Greenhouse Gas (GHG) emissions from human activities is a significant driver of global warming, having severe and costly consequences for ecosystems and communities	Sustainability Policy in place Measurement and reporting of direct and indirect GHG emissions (Scope 1, 2 & 3) of all plants worldwide	Renewable electricity (% total electricity consumption)	15%	50%
	Absolute and relative GHG- emissions reduction targets in place	GHG intensity – Scope 1 & 2 ($ktCO_2$ eq/Mio.m^2 produced)	0.060	0.056
	Plant certifications (ISO 14001 and ISO 50001)	Total absolute emissions (1+2[1]+3) – kt CO_2 eq	1,660[2]	1,646[3]

(1) Scope 2 location based.
(2) Changed retrospectively with peer-reviewed 2019 Scope 3 value.
(3) Peer-reviewed Scope 3 value of 2019.

The global increase of Greenhouse Gas (GHG) emissions from human activities is a significant driver of global warming, having very severe consequences for ecosystems and communities.

Constantia Flexibles is committed to prevent potential and minimize existing negative impacts on the environment:

- Constantia Flexibles strives to continuously improve the environmental performance of its operations regarding raw materials, emissions, energy and waste;
- Constantia Flexibles aims to design its products based on sustainability criteria – applying a holistic life cycle approach – and to meet the challenges of the circular economy;
- Constantia Flexibles seeks collaboration to reduce environmental impacts along the value chain.

Relevant policies (such as the Sustainability Policy & its annex) are in place and applied throughout the company, making environmental sustainability an integral part of all entrepreneurial activities.

Among other tasks relating to corporate responsibility, Constantia Flexibles collects and monitors key data on its internal performance throughout the group. The company has been measuring its direct and indirect emissions (Scope 1 and Scope 2) since 2005 and is quantifying as well the indirect emissions (Scope 3) coming from value chain activities. Direct and indirect Greenhouse Gas (GHG) emissions are generated by Constantia Flexibles' plants by production processes consuming electricity, gas, steam and hot water, as well as indirectly by purchased goods and services and fuel-and energy related activities.

Energy

Constantia Flexibles had a total energy consumption of 596,772 MWh in 2020, which is a 1% decrease compared to 2019. The table below shows the split of energy consumption by source.

Energy source	[%]
Electricity	47.94%
Natural gas	41.40%
LPG	3.28%
Steam	3.29%
Hot water	0.76%
Fuel oils (Diesel, Petrol)	3.28%
Heating oil	0.05%

In 2020, 18 plants had technologies for the recovery of solvents and/or for the avoidance of solvent emissions in place (13 plants were using RTOs, 13 plants had the possibility to recover solvents at their facilities). In addition, Constantia Flexibles works for a continuous improvement related to energy efficiency, for example through the heat recovery from RTOs at some plants. The amount of energy recovered from RTOs *(e.g.* through a thermal oil system) is not included in the energy reporting.

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

Corporate Value Chain Accounting

Constantia Flexibles measures and reports Greenhouse Gas (GHG) emissions according to the internationally recognized Greenhouse Gas Protocol and is verified annually by an external consultant for its Scope 1, Scope 2 and Scope 3 calculation methodology.

The table below shows the overall Scope 1, 2 and 3 GHG emissions of Constantia Flexibles for 2019 and 2020. Total Scope 1 & Scope 2 emissions decreased by 5% compared to the previous year.

	2019	2020	Variation [%]
Scope 1 (kt CO_2 eq)	118.40	118.39	0%
Scope 2 (kt CO_2 eq)	160.83[(1)]	146.49	-9%
GHG intensity (Scope 1+2) (in kt CO_2 eq/Mio.m^2 produced)	0.060	0.056	-6%
Scope 3 (kt CO_2 eq)	1,381.14[(2)]	1,381.14[(2)]	-

(1) Changed retrospectively due to updated emission factors after 2019 publication.
(2) Peer-reviewed Scope 3 value (raw materials & fuel and energy related activities) of 2019. As Constantia Flexibles is a respondent to the CDP (Carbon Disclosure Project), Scope 3-emissions data are externally audited and published on the CDP platform on an annual basis. As this process takes place in the second quarter of each year, the Scope 3 value for 2020 is not published yet in this document. However, it can be observed that Scope 3 emissions decreased by 10% between 2018 and 2019, mainly due to refined supplier data.

Constantia Flexibles accounts the corporate Scope 1 and 2 emissions with a professional software tool which supports the group wide 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.

More than half of the company's emissions are occurring as a result of the electricity consumption (Scope 2). To address these emissions, Constantia Flexibles continuously increases the purchase of electricity coming from renewable resources. In 2016 Constantia Flexibles has taken the step to switch to green electricity (produced 100% from renewable resources – backed by certificates) in several plants, already covering 50% of the total electricity consumption in 2020, which supports the company to reach its absolute greenhouse gas emission reduction target.

Most of the remaining emissions still occur due to the solvent and natural gas consumption, 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.

In addition to the assessment of direct and indirect emissions occurring due to the activities of the Constantia Flexibles group, the indirect emissions caused by processes up-and downstream of the supply chain (Scope 3 emissions) are evaluated. Following a first analysis on Scope 3 emission sources, Constantia Flexibles set up an evaluation method on a group-wide scale for significant emissions sources - purchased goods used to manufacture Constantia Flexibles' products are the most important element of Scope 3 emissions of the company. Aluminum and plastic raw material purchases represent almost 80% of the company's Scope 3 emissions (as measured in 2019). For Constantia Flexibles the total material Scope 3 emissions are a key factor in terms of achieving its corporate target. Since 2015 material Scope 3 emissions are thus tracked for each of Constantia Flexibles' plants. This enables the group to identify and analyze hotspots to initiate projects in direct contact with its suppliers, such as the Aluminium Stewardship Initiative, to decrease Scope 3 emissions deriving from purchased raw materials. Constantia Flexibles therefore also engages with its suppliers to evaluate these emissions.

Knowledge of site-specific challenges on corporate, product and raw material level helps Constantia Flexibles to tackle similar problems throughout the Group. Constantia Flexibles pays particular attention to continual improvements in the consumption of raw materials - which are essentially aluminum, plastics, paper, and chemicals like inks and solvents – *e.g.* by actively engaging with key suppliers on carbon emissions. Potential environmental impacts on the level of product sustainability are made quantifiable through comprehensive investigations (for example by conducting life cycle assessments).

To promote opportunities for reduction of emissions, Constantia Flexibles has set a company-wide spanning goal of a 40% reduction in Greenhouse Gas (GHG) emissions by 2023 (Scope 1 and 2 emissions per square meter produced, setting 2005 as reference year). Furthermore, in 2017 Constantia Flexibles developed a group-wide absolute emissions reductions target, which was approved by the Science Based Targets initiative (SBTi) in 2018. The Science Based Targets initiative is a collaboration between the Carbon Disclosure Project (CDP), the United Nations Global Compact (UNGC), World Resources Institute (WRI), and the World Wide Fund for Nature (WWF) and one of the We Mean Business Coalition commitments.

Constantia Flexibles commits to reduce absolute Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions 24% by 2030 and 49% by 2050 from a 2015 base-year. Targets adopted by companies to reduce GHG emissions are considered "science-based" if they are in line with the level of decarbonization required to keep global temperature increase below 2 degrees Celsius compared to pre-industrial temperatures. Setting this ambitious target in line with climate science demonstrates to customers and other stakeholders Constantia Flexibles' dedication to play its part in international efforts to limit global temperature rise and to continuously improve sustainability performance across the value chain.

The table below shows the progress of Constantia Flexibles' absolute and relative targets:

Indicator	2015 baseline CO_2 eq kt	2020 performance[1]	2030 objective
Reducing absolute GHG emissions by 24% until 2030 and 49% until 2050 (Scope 1, 2 and 3)	1,974	1,646	-24%

(1) Peer-reviewed Scope 3 value (raw materials & fuel and energy related activities) of 2019. As Constantia Flexibles is a respondent to the CDP (Carbon Disclosure Project), Scope 3-emissions data are externally audited and published on the CDP platform on an annual basis. As this process takes place in the second quarter of each year, the Scope 3 value for 2020 is not published yet in this document. However, it can be observed that Scope 3 emissions decreased by 10% between 2018 and 2019. Scope 2 location based value.

Indicator	2005 baseline CO_2 eq kt/Mio. m^2	2020 performance	2023 objective
Reducing GHG emissions 40% by 2023 (Scope 1 and 2 per m^2 produced output)	0.08	0.06	-40%

To better reflect the importance of sustainability also more clearly in the written company principles, Constantia Flexibles revised its environmental policy to a more comprehensive sustainability policy, including an annex which details actions and measures in place to meet the Group's commitments. Both documents are available on Constantia Flexibles' website. This sustainability policy clearly outlines Constantia Flexibles' core values and targets to employees and external stakeholders. In addition, the Group's Code of Conduct and Code of Conduct for Suppliers were updated in 2019, including more comprehensive clauses on environment and responsible sourcing. Furthermore, Constantia Flexibles formalized and published an Responsible Sourcing Policy in 2020, outlining the expectations the company has towards suppliers in regards to human rights, labor rights and environment

Constantia Flexibles shares key environmental data throughout the supply chain and collaborates with selected platforms/projects, such as CDP (Carbon Disclosure Project) and EcoVadis. In 2020, Constantia Flexibles was among those companies that made it to the CDP Climate Change Leadership level (A-), being awarded with above average scores for the company's climate change reporting and climate protection efforts. In addition, Constantia Flexibles has been identified as a global leader for engaging with its suppliers on climate change, being awarded the highest position on the 2020 Supplier Engagement Leader Board by CDP. CDP evaluates strategies, goals, and actual reductions in emissions annually, along with the transparency and verification of reported data. This above average score demonstrates Constantia Flexibles' high level of environmental stewardship, and the company's actions and approaches in managing climate change.

The company is also well-rated by EcoVadis, an organization, which aims at improving environmental and social practices of companies by leveraging global supply chains. In 2020, Constantia Flexibles received the gold CSR recognition level of EcoVadis for the fourth time in a row, placing the company among the top 2% of all suppliers evaluated by EcoVadis in this industry.

The topics and associated commitments and actions in this section are supporting the following UN Sustainable Development Goals:

4.2.2.6.1.2 Circular Economy

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Current and emerging regulations regarding packaging and the circular economy	Active collaboration in supply chain spanning initiatives and projects *(e.g.* New Plastics Economy, CEFLEX, Stop Waste Save Food Initiative, Sustainable Packaging Coalition, UN Save Food Initiative, European Commission's PEF initiative) Signatory to the New Plastics Economy Global Commitment, pledging that 100% of packaging will be recyclable by 2025 Opening of Ecoflex Ahmedabad in 2019, the first plant on the planet designed to produce recyclable flexible packaging only (EcoLam product family) Life Cycle Assessments (LCA) are conducted with a peer-reviewed LCA-meta-model	Recyclability of product portfolio (%)	51%	Not available 2019 value to date*

* *2020 evaluation still in progress at date of publication.*

Trends in the packaging industry mainly revolve around circular economy and current and emerging regulations focus on plastics and packaging recyclability - including ambitious targets - lower demand for non-recyclable packaging and stigmatization of packaging by consumers.

Before its end of life, packaging plays an essential role as it protects the valuable content throughout the supply chain and enables a proper and safe delivery to the end-consumer. Flexible packaging is designed to minimize the use of packaging materials.

Flexible packaging generally requires fewer resources to manufacture than rigid packaging solutions. It plays a minor part of a *(e.g.* food) product's total environmental footprint over its life cycle and a major role in preservation. The circularity of packaging is becoming increasingly important, as the European Union calls for a greater reduction in the use of resources, the reuse of products, significantly higher recycling rates and the use of recycled materials as a secondary raw material within the framework of the European Circular Economy Package.

It is fundamental to ensure that packaging is being collected and recycled and does not end up in landfills or the environment. In this context, it is important that products are harmonized with existing collection, sorting and recycling infrastructure and processes in order to increase the circularity of packaging. That is why Constantia Flexibles continuously works on the recyclability of its flexible packaging solutions. However, it is crucial to take a full life cycle approach, taking into account economic viability and environmental benefits. Comparisons between different products can lead to configurations in which a higher ecological benefit is associated with a lower degree of recyclability, for example, when much fewer resources are used to produce a product at the expense of its recyclability.

As an active member participating in several innovative projects Constantia Flexibles understands the importance of plastic packaging design. It thus joined the New Plastics Economy initiative led by the Ellen MacArthur Foundation that seeks to build a system in which plastic never becomes waste or pollution. The ambitious vision underlying the initiative is part of the circular economy and has inspired several firms throughout the value chain, philanthropic organizations, cities and governments to take part. The initiative focuses on three actions required to make the Foundation's vision a reality and create a circular economy for plastics: Eliminate problematic and unnecessary plastic items, innovate to ensure that the plastics needed are reusable, recyclable, or compostable and circulate all the plastic items used to keep them in the economy and out of the environment.

Recyclability

As a global flexible packaging producer for the consumer and pharma-industry and a company being committed to sustainability from the very beginning, Constantia Flexibles recognizes the importance of supporting the development towards a circular economy for plastics. In 2018 Constantia Flexibles therefore pledged that 100% of its consumer and pharma packaging will be recyclable by 2025. Future product innovations will focus on the implementation of design guidelines to develop specifications which are recyclable – in practice and on a commercial scale. This pledge is part of Constantia Flexibles' commitment to the New Plastics Economy "Global Commitment", which unites many of the world's largest packaging producers, brands, retailers, recyclers, governments and NGOs. These actors share a certain number of ambitions, definitions and the same degree of transparency, working on solutions to plastic waste and pollution. Constantia Flexibles believes that working side-by-side, businesses and governments can tackle plastic pollution at its source and is therefore proud to be among the more than 450 companies that have signed the Global Commitment. Signatories include companies representing 20% of all plastic packaging produced globally. The Global Commitment and its vision for a circular economy for plastic are supported by the World Wide Fund for Nature (WWF), and have been endorsed by the World Economic Forum, The Consumer Goods Forum as well as universities, institutions and academics. As Constantia Flexibles is committed to play its part to contribute to the transition from a linear to a circular economy, the company extended its participation in the New Plastics Economy initiative for the next period, until 2022.

As part of the CEFLEX project (A Circular Economy for Flexible Packaging), Constantia Flexibles as a founding member also intensively works on further enhancing the performance of flexible packaging in the circular economy by advancing better system design solutions *via* collaboration. CEFLEX is the collaborative project of a European consortium of companies and associations representing the entire value chain of flexible packaging. Project goals set for 2020 and 2025 include the development of robust design guidelines for both flexible packaging and the infrastructure to collect, sort and recycle them. CEFLEX stakeholders are working together in seven workstreams to identify and develop the best solutions: 1. Design guidelines, 2. Understand the European flexible packaging market, 3. Identify and develop sustainable end markets for secondary materials, 4. Develop a sustainable business case, 5. Proof of principle in a pilot region, 6. Facilitating technologies, 7. Communication. Constantia Flexibles is an active member in six of these working groups and continuously works on increasing the recyclability of flexible packaging[(1)].

To manage and achieve recyclability of all products until 2025, Constantia Flexibles will continuously evaluate the status in terms of recyclability of its product portfolio and track progress towards the goal. To provide internal stakeholders with the necessary background information to discuss product options and to work towards the achievement of Constantia Flexibles' recyclability target, Constantia Flexibles developed a comprehensive recyclability guidance document in 2019. This document addresses essential knowledge with regard to flexible packaging recycling, provides details on the regulatory context, data on the packaging recycling market, available sorting technologies and common criteria of standards/guidelines on designing packaging to be recyclable. Based on these criteria, Constantia Flexibles completed the detailed assessment of its entire product portfolio in 2019 to identify non-recyclable structures and is in the process of developing a roadmap to address each of these. Currently (data available only for year N-1, *i.e.* 2019), about 51% of the product portfolio is recyclable. (% recyclable output [m^2] of sold output [m^2] in 2019). According to the Ellen MacArthur Foundation's New Plastics Economy definition: A packaging is recyclable if its successful post-consumer collection, sorting and recycling is proven to work in practice and at scale.

As the European Strategy for Plastics in a Circular Economy stipulates that all plastic packaging has to be recyclable by 2030, Constantia Flexibles supports the food industry to meet legal requirements by developing "Constantia ecolutions". And in doing so, the company also helps to create products appealing to an ever increasing share of consumers caring for sustainability. As pledged in 2018 to offer recyclable solutions for the whole product portfolio until 2025, first projects were already realized with EcoLam (a pure PE (polyethylene) based solution which allows recycling in the PE waste/sorting stream). In November 2019, Constantia Flexibles celebrated the opening of Ecoflex Ahmedabad, the first plant on the planet designed to produce recyclable flexible packaging only.

In 2019 the full Ecolutions product family was launched in order to market more sustainable options for flexible packaging. With various products offered already today (EcoLam, EcoCover, EcoPouch, EcoTainerAlu) Constantia Flexibles is about to enter into a new era of packaging. The products of the EcoLam family are recyclable mono-polyethylene laminates, ideally suited to replace non-recyclable multi-polymer structures, even where high barriers are needed. EcoLam is compatible with existing recycling streams and therefore contributes to the transition towards a circular economy. With a view to expanding the Group's capacities and continued transformation of its product portfolio, EcoLam is a key element of the recyclability approach.

(1) 2019 value. The value for 2020 is only available at the end of the year N+1.

Contribution to the life span of packaged products

Constantia Flexibles also collaborates with stakeholders along the whole supply chain raising the awareness that without the protection that packaging provides for products during their lifetime, the targeted provision of goods would be impossible. Within the industry research project "Stop Waste-Save Food" Constantia Flexibles, together with other stakeholders, investigated how food packaging and processing solutions can contribute to improved product quality, product protection and increased shelf-life and thereby reduce food waste. The results of this work include a guidance document which was presented in 2020. Moreover, Constantia Flexibles is also working to reduce food waste as a member of the UN Save Food Initiative. The Save Food Initiative was introduced 2011 to put the issue of the fight against food losses onto the global political and economic agenda. As the global population continues to rise, it is imperative to find ways to reduce food waste (whether due to food being thrown away or allowed to spoil) and packaging solutions have an important role to play in ensuring sustainability. For this reason, the focus of Constantia Flexibles' current efforts is on minimizing environmental impact, reducing material consumption (*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.

To proactively address risks driven by regulatory change, Constantia Flexibles concerns itself intensively with the topic of sustainability at the association level as a participant in international task forces. In addition to being a permanent member and chair of Flexible Packaging Europe's Sustainability Committee, Constantia Flexibles participates in the European Aluminium Foil Association's Foil Sustainability Action Group, working constantly toward making its voice heard in terms of current affairs, initiating projects and encouraging intercompany cooperation in defense of common interests.

Likewise, Constantia Flexibles' membership in the Sustainable Packaging Coalition (SPC) strengthens its ties to key accounts and increases shared understanding of the sustainability issues affecting the packaging industry. The SPC is a task force dedicated to the vision of more environmentally friendly packaging. As a committed member of the multi-material flexible packaging recovery initiative, Constantia Flexibles understands the increasing importance of finding solutions for collecting, sorting and recovering multi-material packaging. Constantia Flexibles understands that sharing efforts on a global level to develop recycling solutions advances collective understanding, and shared best practices, to create a sustainable solution for the management of multi-material flexible packaging at their end of life.

Constantia Flexibles also takes an active interest in legislation regarding the European Commission's initiative on the development of Product Environmental Footprint Category Rules (PEFCR). 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.

Life Cycle Assessments

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. To this end, support for internal (*e.g.* sales and product management teams) and external stakeholders is another of Constantia Flexibles' key endeavors. The life cycle assessment (LCA) studies led by Constantia Flexibles are fundamental to the improvement of its ecological footprint. Life cycle assessments at Constantia Flexibles have been conducted since mid-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. This peer-reviewed innovative LCA-meta-model enables Constantia Flexibles to provide customers and other stakeholders with information on the environmental footprint of products by allowing to flexibly evaluate any combination of production processes, raw material input, waste handling possibilities and country specific settings by offering them precise visibility on the various impacts.

By being able to make credible claims on product sustainability, Constantia Flexibles will be seen as a reliable partner for its customers, facing transparency expectations from end consumers and legislators. In addition, there is the possibility to gain a competitive advantage and to discover potential cost savings through product optimization.

The topics and associated commitments and actions in this section are supporting the following UN Sustainable Development Goal:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

4.2.2.6.1.3. Sustainability along the value chain

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Risks in relation with Constantia Flexibles' raw material sourcing (aluminum, plastics, paper, and chemicals like inks and solvents)	Supplier Code of Conduct in place Responsible Sourcing Local Policy in place	Number of suppliers audits carried out	40	20
	Aluminium Stewardship Initiative certification of C. Teich Supplier audits and CSR evaluation	CSR questionnaire coverage of suppliers (in Scope 3 emissions and procurement spend)	Not available(1)	Not available(1)

(1) Comprehensive supplier assessment every 2-4 years.

Constantia Flexibles understands the main risk associated with its consumption of raw materials to be the environmental impact of sourcing these materials. Mainly aluminum, plastics, paper and chemicals like inks and solvents carry risks of inefficiency, reputational damage, compliance costs, operational disruptions and resource depletion.

Therefore, Constantia Flexibles sees sustained 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 the Aluminium Stewardship Initiative (ASI), which was established to promote sustainability performance and transparency across the entire aluminum value chain. Introduced by several businesses, ASI, as a non-profit initiative, aims to mobilize a broad base of players in the value chain toward implementing responsible business ethics and environmental and social performance practices and toward establishing corresponding standards. In 2018, Constantia Flexibles' largest plant C. Teich has become the first aluminum foil roller and packaging converter and the first European company to be certified according to ASI's Performance Standard for environmental, social and governance performance. In 2019, Constantia Teich successfully completed the audit in accordance with ASI's Chain of Custody Standard (and received the official certification in 2020), which complements the ASI Performance Standard and sets out requirements for the creation of a Chain of Custody for CoC material, including ASI aluminum. ASI Certification of the Teich facility signifies that Constantia Flexibles' practices meet the industry's highest standards. Aluminum makes up 35% of the company's raw materials and Constantia Flexibles sources 93% of it in Europe.

Within the CEFLEX and NPEC (New Plastics Economy) projects, Constantia Flexibles intensively works together with the whole value chain on further enhancing the performance of flexible packaging in the circular economy (see section Circular Economy).

The "Code of Conduct for Suppliers and Subcontractors" published on the website, defines the basic requirements that Constantia Flexibles places on its suppliers of goods and services and subcontractors concerning their responsibility towards their stakeholders and the environment. The principles described in this Code of Conduct are based, to a large extent, on the principles of the Universal Declaration of Human Rights of the United Nations, on the Conventions of the International Labour Organization (ILO), and on the UN Conventions on the Elimination of all Forms of Discrimination against Women and on the Rights of the Child. Of course the fair trade practices, integrity *vis-à-vis* all stakeholders and environmental protection are also part of the Code of Conduct for suppliers. Based on the values described in this Code of Conduct, Constantia Flexibles strives for a close partnership with its suppliers and subcontractors with the aim of jointly creating added value for all stakeholders (*e.g.* through business to business R&D projects in particular). In 2019, the Code of Conduct was updated in order to reflect the importance of sustainability in the written principles. The Code of Conduct for suppliers is part of the purchasing conditions set by Constantia Flexibles.

In 2020 Constantia Flexibles additionally introduced an Responsible Sourcing Policy (published on its website). The policy outlines its expectations towards suppliers in regards to corporate responsibility. It follows the principles of the United Nations Global Compact and selected UN Sustainable Development Goals.

Due to the COVID-19 pandemic, Constantia Flexibles performed only ~20 virtual supplier audits in 2020, which represent 5% of total spend. At the beginning of each calendar year, category managers (CM) select suppliers, which should be audited based on various risk assessments and enter those in a central list. This long list is then reviewed together with plant procurement, assigning audit teams, agreeing preliminary dates, and additional suppliers might be added or others might be removed. The short list is then the year's official audit plan. Any completed audit, including the result, is recorded in this list and audit reports are uploaded onto the same folder. This approach covers the entire group. As part of supplier audits, the supplier's acceptance of Constantia Flexibles' Code of Conduct is confirmed.

Additionally, a comprehensive supplier questionnaire was developed together with an external consultant, which was rolled out to all main suppliers end of 2018. The two questionnaires covered general and environmental topics to understand the current profile of suppliers in terms of environmental topics and to carry out a supplier evaluation to identify top performers and weak spots. The questionnaires were sent to main suppliers, covering more than 80% of Scope 3 emissions and procurement spend. Generated supplier scorecards indicate the maturity level of suppliers and help Constantia Flexibles to inform suppliers on recommended climate related actions to improve their score.

Furthermore, Constantia Flexibles takes appropriate measures to train procurement personnel on these important topics.

The topics and associated commitments and actions in this section are supporting the following UN Sustainable Development Goals:

4.2.2.6.1.4 Air Pollution

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Constantia Flexibles is aware of the risk of air pollution and the impact of volatile organic compounds (VOCs) emissions on the environment. These emissions are originated in plants from the usage of solvents	Sustainability Policy in place Regenerative Thermal Oxidizers installed in several plants	VOC emissions intensity (ton/Mio.m^2 produced)		
		Consumer division	3.57	3.46
		Pharma division	3.08	2.89

Constantia Flexibles is aware of the risk of air pollution and the impact of volatile organic compound (VOC) emissions on the environment. These emissions are originated in plants from the usage of solvents. With this topic being mainly a compliance topic and as Constantia Flexibles is acting in accordance with applicable laws on volatile organic compound (VOC) emissions, no additional policy is required for this risk. However, Constantia Flexibles updated its environmental policy to a more comprehensive ESG policy including an annex – covering topics, such as technologies and reducing emissions.

Constantia Flexibles works for a continuous improvement related to these emissions. Some of the approaches are:

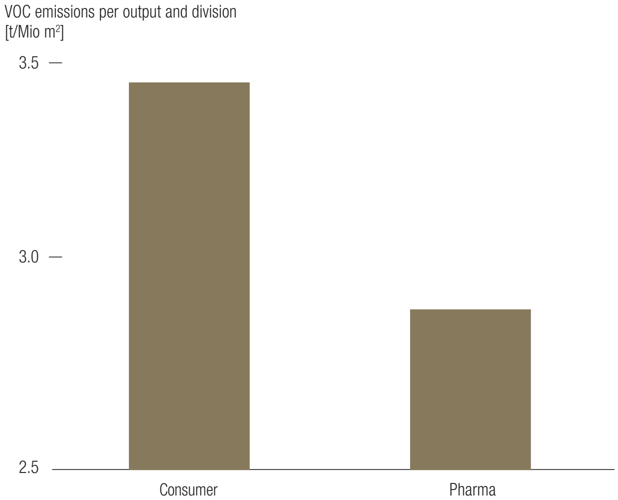
- solvent recovery;
- Regenerative Thermal Oxidizers (RTO);
- organic solvent-free technologies.

In this context the company has installed RTO facilities in several plants, consequently reducing VOC emissions. In 2020, 18 plants had technologies for the recovery of solvents and/or for the avoidance of solvent emissions in place (13 plants were using RTOs, 13 plants had the possibility to recover solvents at their facilities).

Constantia Flexibles also aims to decrease the overall solvent consumption, *e.g.* by investing in new solvent-free printing technologies in several plants. In 2017 Constantia Flexibles has invested nearly €3 million in the implementation of these technologies at its manufacturing site in Wangen, Germany. The old machines are no longer used and solvent use was completely eliminated from 2018 onwards.

The following graph shows the breakdown of VOC emissions per product output and division. Absolute VOC emissions decreased 3%, while VOC emissions per output decreased by 4% compared to 2019.

VOC Emissions per output and division in 2020 [t/Mio m²]

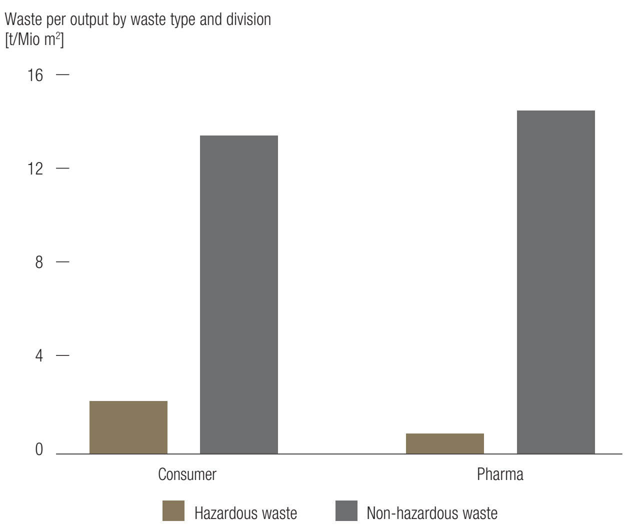


4.2.2.6.1.5 Additional environmental indicators not related to main risks (voluntary)

Waste management

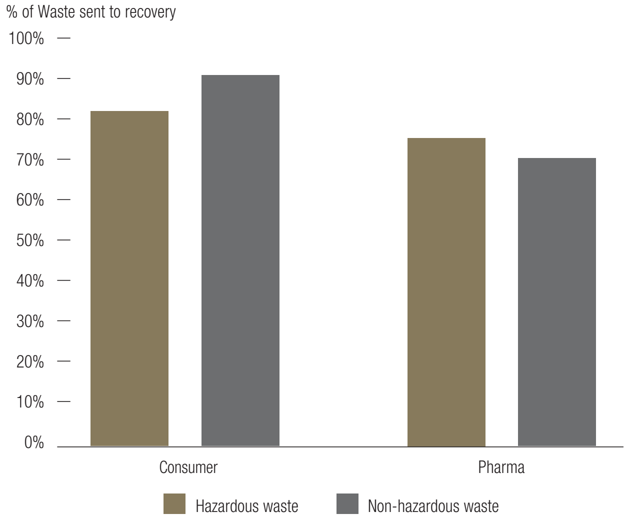
Constantia Flexibles continuously monitors the achievement of implemented waste targets with waste management plans on plant level. The total amount of waste at Constantia Flexibles' sites was 70,478t in 2020, which is a 3% increase compared to 2019. The graphic below shows Constantia Flexibles' waste production intensity ratio by division and category of waste in 2020.

Waste per output by waste type and division in 2020



In 2020, Constantia Flexibles sent 84% of the hazardous waste and 89% of the non-hazardous waste to recovery (recycling, composting and incineration with energy recovery). Compared to the previous year the recovery rates slightly improved – in 2019 83% of the hazardous waste and 87% of the non-hazardous waste was sent to recovery. The chart below shows the breakdown of waste sent to recovery by waste type and division.

Waste sent to recovery 2020 [%]



4.2.2.6.2 Social

4.2.2.6.2.1 Fight against shortage of Skilled Labor Workers

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Motivated and well-trained employees are key to success for Constantia Flexibles. However, finding skilled labor workers, especially on shopfloor level, becomes more and more difficult and in some areas is even a major issue. Thus, Constantia Flexibles is facing the risk of non-availability of qualified employees and consequently the risk of non-filling crucial positions, regardless if this may occur for blue collar, specialist or management level	Policies are implemented on site level as per local needs and requirements	Hire rate	17.5	14.7
		Turnover rate	15.1	16.8

Motivated and well-trained employees are key to success for Constantia Flexibles. However, it is becoming increasingly difficult to find skilled labor workers, especially on shopfloor level.

Thus, Constantia Flexibles is facing the risk of non-availability of qualified employees and consequently the risk of non-filling crucial positions, regardless if this may occur for blue collar, specialist or management level.

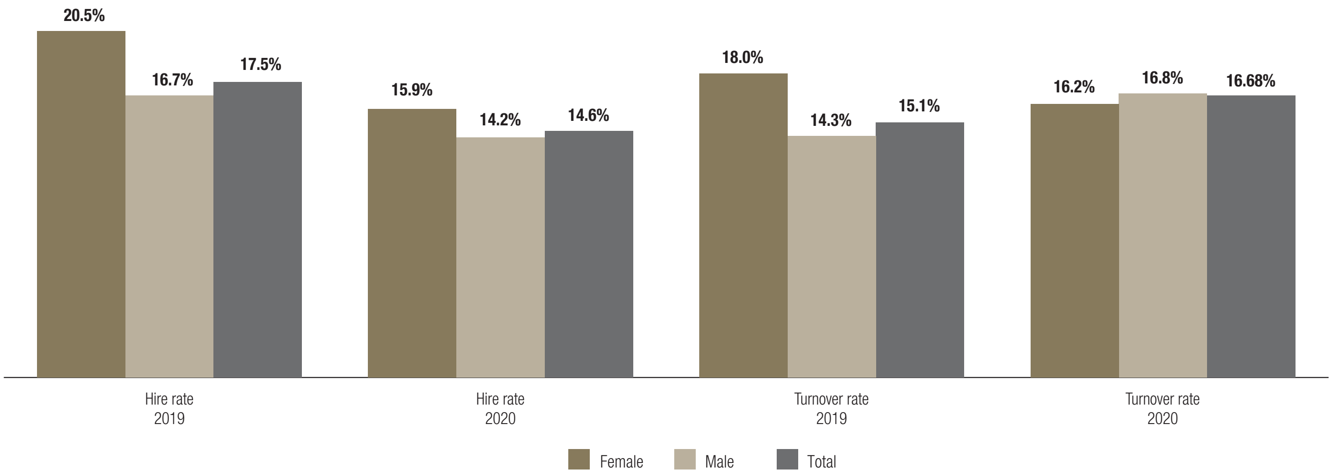
The number of employees (HC) at the end of the fiscal year 2020 was 8,275 with the majority (78%) of employees working in Constantia Flexibles Consumer division. Overall, the total number of employees stayed quite stable, when comparing 2020 to the previous year.

Headcount split per division at yearend 2019 and 2020

	2019		2020	
Division	**Headcount**	**Headcount in %**	**Headcount**	**Headcount in %**
Consumer	6,593	79%	6,482	78.3%
Pharma	1,385	16%	1,413	17.1%
HQ	389	5%	380	4.6%
TOTAL	**8,367**	**100%**	**8,275**	**100%**

The risk of a lack of skilled labor workers is monitored by tracking the hire and turnover rate in Constantia Flexibles on a monthly basis. In 2020, a total of 289 female and 918 male employees was hired in Constantia Flexibles entities. In the previous year Constantia Flexibles hired a total of 1,465 employees. During the reporting period, 1,380 employees left Constantia Flexibles, whereas in the previous reporting period 1,263 employees left the company. In total, the hire rate for Constantia Flexibles in 2020 sums up to 14.6%, whereas the turnover rate amounts to 16.7%. In 2019, the hire rate was 17.5% and the turnover rate was 15.1%. 2021 onwards the trainees/interns/apprentices will also be included as a part of hiring and turnover count. All sites were impacted by the COVID-19 pandemic, resulting in hiring and turnover variances worldwide.

Hire and Turnover rate by gender



Constantia Flexibles undertook to formalize a policy to address the risk of skilled labor shortages at Group level and will be published in 2021. Considering the current situation, this risk is diminishing. Keeping a coherent global approach, internal workshops were conducted in Constantia Flexibles to gather the inputs from Group HR specialists and local HR managers during the process of finalization of the policy. Though Constantia Flexibles has identified and implemented the local as well as global initiatives (see below and others, e.g. succession management plans for key positions) to address this risk.

At group level, Constantia Flexibles is fostering the exchange of employees between different entities and supporting the development of employees. Moreover, job postings are published on the intranet and shared within the company's HR community. For improving the recruiting process for both Constantia Flexibles HR staff and external applicants, the web-based GRS (Global recruitment solution) has been successfully implemented for all European and South African sites. Currently, this solution is further rolled out to all Constantia Flexibles entities worldwide. This tool helps to publish all vacant positions online and to set up a global talent pool. The training of the company's current and future talent on local level, is the strong focus on apprentice- and traineeships, especially in Austrian and German Constantia Flexibles sites. At yearend 2020, a total of 150 apprentices/interns/trainees were employed at Constantia Flexibles worldwide.

4.2.2.6.2.2 Promoting diversity and equal opportunities

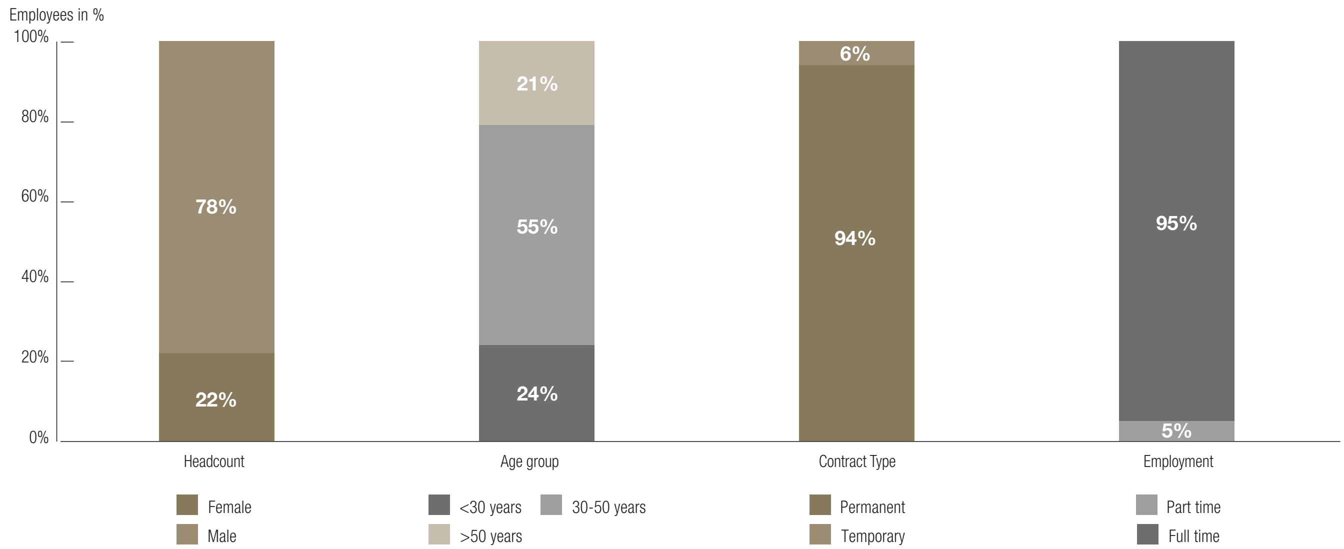
At Constantia Flexibles, employees are a key success factor, which is why the company encourages diversity in the workplace.

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

The Group encourages women to advance their careers at all levels of management.

The aim of the company is to develop the leadership skills of its employees and focus on recruiting female staff.

Breakdown of employees by gender, age group, contract type and employment type 2020



55% of Constantia Flexibles' employees are 30-50 years old. Its workforce is 22% female and 78% male. 95% of the employees of Constantia Flexibles are full-time employees and 94% have permanent employment contracts. Compared to 2019, there is almost no variation in these proportions. By comparison, in 2019, 55% out of all Constantia Flexibles' employees were between 30 and 50 years old, 21% of the total headcount were female and 79% were male employees. 95% of all employments were full-time and 94% of all employees had a permanent employment contract.

Lastly, in 2020, around 2.26% of Constantia Flexibles' workforce are employees with disabilities.

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 status.

The topics and associated commitments and actions in this section are supporting the following UN Sustainable Development Goals:

4.2.2.6.2.3 Talent attraction, development and retention

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success	Group Training Policy in place that governs minimum requirements, roles and responsibilities as well as documentation, evaluation and reporting requirements on a global level	Training hours per FTE (Full-time Equivalent)	18.52	14.45
Missing trainings and development activities can lead to a decrease of motivation, resulting in high attrition and low performance, increased recruiting/replacement costs and loss of competitive advantage		Share of employees trained for minimum 1 day	58.46%	49.36%

As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success. Missing trainings and development activities can lead to a decrease of motivation, resulting in high attrition and low performance, increased recruiting/replacement costs and loss of competitive advantage.

In order to address this risk, Constantia Flexibles is offering a large variety of development and training activities, based on a tailored Constantia Flexibles competency model for senior and middle management as well as professionals. In order to take into account the changing environment in which Constantia Flexibles operates and to prepare its talents for it, the competency model has been updated and will be launched in 2021. A global training policy was implemented that acts as a framework for existing and future local as well as global training and development initiatives and tools. This policy also sets the minimum requirements for Constantia Flexibles training initiatives and training reporting.

Over the past years, the investment in people development programs, with a strong focus on senior and middle management development, has been gradually increased. Already before the pandemic Constantia Flexibles increasingly offered interactive online modules in order to reach employees. In 2020 all training programs got transformed into online ones. Constantia Flexibles refreshes its range of training with focus on communication, efficiency at work and leadership skills to support employees in their career development and employability on an annual basis. The structured annual talks for all employees along with succession planning at senior managerial level are also integrated in the training plan.

To support these efforts the "Constantia University", a dynamic and interactive web-based learning management platform was set up.

The platform integrates new learning pathways, utilizing online training opportunities, video-based learning materials as well as virtual training. The Constantia University is also the platform for the ongoing development initiatives such as "Global Training Toolbox" and "Constantia Flexibles Sales Academy". These initiatives aim to train Constantia Flexibles employees on the Constantia Flexibles Leadership and Sales approach as well as on further internal and external tools. Moreover, additional development initiatives such as, "Operational Excellence Center" and "Finance Academy" are offered.

On top of the abovementioned initiatives that are managed by Group Organizational and People Development, local training is conducted at the plant level. These include for example language training, individual development plans and – among others – regular health and safety, hygiene and technical trainings for employees working in production areas.

To enhance employer attractiveness a new Global Employer Brand will be launched by Constantia Flexibles in 2021 focusing on improving the company's image and value proposition to support attracting and motivating future and current employees. For this Constantia Flexibles has included elements of its corporate mission and brand strategy (for Consumer and Pharma as well as Group) and created one brand model. Employer Branding is an essential step on the way to success in attracting and fostering retention for internal and external talents.

The following table shows the most relevant KPIs (Key Performance Indicators) that allows Constantia Flexibles to track the development of training initiatives on a global level:

	Total number of annual training hours	Average annual training hours per FTE	Number of employees trained for min. 1 day	Share of employees trained for min. 1 day
2019	146,597	18.52	4,891	58.5%
2020	112,361	14.45	4,046	49.4%

The topics and associated commitments and actions in this section are supporting the following UN Sustainable Development Goals:

4.2.2.6.2.4 Health & Safety at work

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Several manufacturing processes (technology, machinery) and hazardous substances (*e.g.* solvents, inks) used to produce flexible packaging have the potential to harm people's health & safety	Group Policy for HSSE plus annexure "group HSSE Policy" stating its vision of ZERO LOSS-NO HARM Other underlying group standards for Health & Safety HSSE-related aspects to be considered in continuous improvement process-schemes (CIP) at the plant level	Lost Time Injuries Frequency Rate (LTIFR)	3.9	2.6
		Number of Occupational Diseases	1	0

Constantia Flexibles applies best practices in its operations and rigorous security practices for machinery and other production-equipment. However, inherent operational risks related to the occupational health and safety of all people are understood to be properly managed as, for example, solvents and inks used to be printed on film and foils are flammable liquids with the potential to harm people and the environment. The successful and sustainable implementation of appropriate measures to address this risk is ensured throughout Constantia Flexibles with the respective educated personnel in safety, engineering and operations.

Still the safety of people at work could be put at risk by certain factors. Reducing or even eliminating the risk of non-compliances with procedures or not following the trained work-instructions is achieved by sufficient and completed instruction-trainings and Safety Walks performed by the local management. Such awareness-raising and transfer of knowledge to employees and leased personnel/temporary workers exposed to those risks contribute to the improvements achieved within the last years. Constantia Flexibles takes also into account the risks at work related to distraction and psychological and physical stress. As a logic consequence, the broad range of counter-measures and tools have been prolonged especially for operations-personnel on the shop floor with appropriate behavioral-based trainings and awareness-campaigns.

Thus, the Corporate Risk & Opportunity Management-tool considers H & S-related risks based on the group HSSE Policy (Health, Safety, Security and Environment), which has been established and rolled out within the last 3 years. Also considering major potentials harming people like undesired weather conditions like floods for manufacturing premises close to rivers, several types of counter-measures to mitigate the risks got described by applying the internationally excepted guiding principle of eliminating these risks in best case rather than only minimizing them.

For ensuring constant improvements related to safety at workplaces, Constantia Flexibles has increased the focus of investments in new machines, additional equipment like for lifting or hoisting of material to feed machines and also for the reduction of risks related to workplace ergonomics, *e.g.* by exposure to solvents and their vapors, facing noise (>80 dB(A)) or repetitive motion which finally could result in occupational diseases by long-term exposures of work-force. Longterm-impact like cases of occupational disease – authorized by competent authorities locally – needs to be reported to the respective Group-function. Those reporting-requirements are clearly set Group-wide as indicator for determining the effectiveness of implemented measures in the long run. Thus, globally no case of occupational disease occurred during 2020.

Constantia Flexibles compiles several data and figures from all global production sites at Group-level for deeper analysis of potential correlations between accidents occurred and their specific circumstances and results. Those figures – handed in on monthly basis according the scope of reporting to Group HSSE – are subsequently summarized, verified and checked. These reports reflect the safety performance per division and the cascaded figures of divisional clusters on monthly basis. Moreover, sharing those key learnings from certain Lost Time Injuries or so-called High-Potential incidents occurred, for which corrective and preventive measures are described, ensure to minimize the risk of potential re-occurrence at other similar workplaces in Constantia Flexibles group. Learnings from such events are seen as being crucial for avoiding injury to other people and get immediately translated into preventive measures rather than to wait for corrective measures would be required.

Subsequently, the acceleration of engagement and contribution expected from local personnel is steered by the local plant-management teams, as they are tasked with taking on-site measures demonstrating their personal leadership skills. Effective examples carried out are, for example, chairing safety meetings, undertaking safety walks at the shop-floor and by discussing the latest incidents occurred in meetings.

Constantia Flexibles collects *via* a centralized tool the number and kind of initiatives for health and safety on annual basis. Those initiatives accordingly selected on production site's needs go beyond legal requirements and contribute to the Safety of personnel as well as to improve the status of people's health. Any individual idea could be posted locally by everybody to participate in existing continuous improvement process (CIP) and management consults with the experts to decide upon budgets to be released for the successful implementation of the proposal. Although especially the Group's production plants had to focus onto the effective implementation of the Group-requirements and measures against the COVID-19 pandemic, the number of such safety-initiatives throughout Constantia Flexibles globally could have been increased to 6 on average per operating plant. This positive result highlights again the pursuing efforts of Constantia Flexibles to improve safety at work.

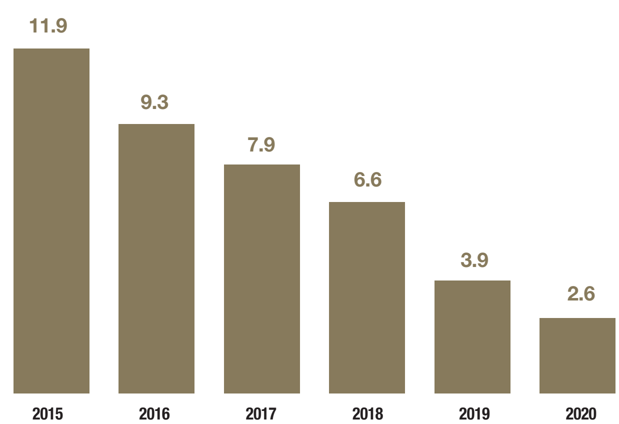
Certain kinds of resources to be spent, for example like trainings, workplace-introductions as well as purchase of additional equipment or machinery-upgrades contribute to the sustainably improvement of the safety performance of Constantia Flexibles. Although the "return on investment" could hardly be directly measured, the further reduction of the Lost Time Injury Frequency Rate (LTIFR) as shown below underpins the commitment and importance of sustained investments for further improvements undertaken worldwide within the group.

Constantia Flexibles' Vision for HSSE

Constantia Flexibles

We believe in our vision of
ZERO LOSS - NO HARM
as key priority!

The Lost Time Injury Frequency Rate (per 1 million hours worked)



Why Constantia Flexibles tracks the Lost Time Injury Frequency Rate

Constantia Flexibles' duty to create and maintain a safe and sustainable work environment for everybody who works with and for this international company is stated in the Group HSSE Policy, which is signed by the CEO. The reporting of performance in terms of Lost Time Injuries (LTI) includes all people exposed to the hazards attached to operations employees or external contributors: Thus, the Lost Time Injury Frequency Rate represents the number of accidents resulting in at least one full day off-work due to the injuries the person suffered per 1 million hours worked, which includes employees and leased personnel/temporary workers.

2020 Performance

The Lost Time Injury Frequency Rate (LTIFR), which is clearly a key performance indicator is monitored within the group on monthly base. This benchmark indicator is independent of any sector and allows benchmarks against major customers as well as against competitors, who are also reflected in the industry-specific safety benchmark of the interest-group named FPE – Flexible Packaging Europe, Brussels[1]. With significant efforts Constantia Flexibles could have improved its safety performance again sustainably, which leads to further strengthening of its reputation within the sector and locally as preferred employer for taking care of peoples health & safety.

Occupational health and safety Data	2019	2020
Number of Lost Time Injuries	69	45
Division Consumer	55	41
Division Pharma	14	4
Offices	0	0
Lost Time Injury Frequency Rate (LTIFR)*	3.9	2.6
Division Consumer	3.8	2.9
Division Pharma	5.6	1.6
Offices	0.0	0.0

** LTIFR = number of Lost Time Injuries (LTI) per 1 million hours worked.*

The topics and associated commitments and actions in this section are supporting the following UN Sustainable Development Goals:

(1) Frequency rate of FPE Safety Benchmark 2019 (19 participating companies) as latest available annual figure: 8.89.

4.2.2.6.2.5 Health & Safety of Consumers: Safe products

Extra-financial risk description	Mitigation policies and actions	KPIs	2019	2020
Constantia Flexibles transforms this requirement into strong business opportunities by developing new packaging solutions to satisfy the need of (end-)customers' Health & Safety for its direct clients (food and pharma industry)	Register of regulatory requirements and further internal regulations on Food Safety/Food defense plan (incl. HACCP) and for GMP and hygiene-aspects in production	% of production sites holding at least one product safety and quality-related certification	Not applicable	100%

Constantia Flexibles develops new packaging solutions to satisfy the need of end-customers' health and safety for the company's direct clients (food- and pharma-industry). Constantia Flexibles chose to be innovative to include long term tendencies in its offer such as Urbanization, Health, Premium Products and Sustainability. Constantia Flexibles recognizes and applies further options to improve packaging by meeting customer's needs.

Constantia Flexibles implemented the following internal procedures and policies:

- register of regulatory requirements and further internal regulations;
- Group quality & product safety policy;
- migration & compliance testing;
- product safety related risk assessment covering all relevant processes of production facilities (HARM or HACCP risk management concept);
- certified standards for quality and product safety (*e.g.* ISO 9001, FSSC 22000, BRC, etc.).

In addition to the company's efforts to offer customers attractive solutions based on innovative products, Constantia Flexibles also considers the legal compliance of its products to be a top priority. Constantia Flexibles guarantees this by constantly following the developments of legal requirements that apply to its flexible packaging products. To ensure consumer health and safety, Constantia Flexibles complies with all food and pharma packaging regulations applicable in the respective jurisdictions in which it has a presence. In the two competence centers of the Group, analytical Research & Development experts are supported by state of the art analytics and laboratory tests to investigate the safety and compliance of products and set harmonized requirements and procedures to ensure compliance. In particular, these tests related to the supplementation of chemical-analytical capacity with a focus on food contact laws and regulations (*e.g.* migration & compliance testing) can be performed in-house or as requested by the respective regulation or by the food-processing customer at accredited laboratories. After final approval (by the customer) and confirmed acceptance tests, these products are manufactured following industry standards for GMP (Good Manufacturing Practices) and other standards according the respective needs. These standards are certified by accredited certification agencies and cover quality as well as product safety requirements.

Constantia Flexibles also implemented far more detailed global policies to ensure the appropriate setup and monitoring of local-/plant-related internal processes: Beside certificates for Quality Management (*i.e.* ISO 9001) available for each manufacturing plant. In a systematic approach using HACCP-assessments (hazard analysis and critical control points), Constantia Flexibles preventively manages food safety-aspects from biological, chemical, physical hazards and more recently radiological hazards in production processes which may cause an impact to the end consumers' health and safety *via* the finished product. The results of these assessments are used to design quality control activities to secure manufacturing of a safe and high-quality product. Quality control systems follow a three-pillar model: sampling and testing in quality control laboratories, in-line operating measurement and sorting equipment, worker self-inspections/in-process controls of operators. Non-conforming products/waste can be identified, sorted out and counter-measures can be defined. Besides that all obligatory preventive programs like processes in place, training, maintenance of equipment help to keep high standards in all operations.

All internal obligations were implemented throughout all plants and are regularly monitored as well as internally audited regarding their effectiveness based on an annual internal audit plan.

In 2019, Constantia Flexibles launched its new pharma brand campaign "Let's Save Lives Today", that includes an online brand book and a company video providing useful first aid tips. Constantia Flexibles' clients in the pharmaceutical industry invest considerable resources in developing products to safeguard their customers' health and well-being. Constantia Flexibles works closely with them – as partners – to ensure that product quality is not impaired on the way to the patient – therefore protecting the integrity of the medicine that helps save patients' lives. As proliferation of counterfeit drugs is a growing problem worldwide, Constantia Flexibles is tackling this issue head-on with its "Stop Fake Drugs" public awareness campaign and anti-counterfeiting packaging solutions. Anti-fraud elements such as security graphics, holograms and high-level special effects such as security pigments and inks all produce complex optical markers that are extremely difficult to reproduce. Applied properly, they effectively protect people and brands from irreparable damage.

Constantia Flexibles meets the requirements of creating a balance between child safety and easy of access for seniors by developing a child resistant blister lidding foil. Constantia Child Resistant is available in four different applications: Peel & Push, Peelable, Bend & Tear, and Push Through. All four options provide comprehensive protection against moisture, oxygen, and light. They can be customized to meet country-specific regulations.

Furthermore, with its Constantia Interactive App, Constantia Flexibles offers a unique comprehensive solution for interactive packaging in the food and pharmaceutical industries that opens up a multitude of digital communications and marketing opportunities. Using a smartphone app developed specifically for each brand, the consumer scans the packaging for a variety of identifying features such as image analysis, digital watermark, radio frequency identification (RFID) tags, and the like which then appear in augmented reality. The unique character of Constantia Interactive is in its combination of digitally readable packaging material with a digital platform for data management and a smartphone app customizable to a wide range of customer needs. The digital features span from purely informative, such as instructions for use, through videos and games, to contests that can be individually selected by the customer. For medical packaging, the app offers patients direct access to additional information about pharmaceutical products at any time, making it safer to take medication. A chat bot allows patients to submit questions. In combination with a digital anti-counterfeiting identification, Constantia Interactive is also an effective means of identifying counterfeit products.

Beside the stringent fulfillment of regulatory and preventive obligations, Constantia Flexibles has a sizeable number of patents and patent applications, illustrating its strong competitive technological status to ensure and protect consumer health and safety.

The topics and associated commitments and actions in this section are supporting the following UN Sustainable Development Goal:

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

4.2.2.6.3 Governance

Anti-Corruption and Compliance Program implemented at Constantia Flexibles

A compliance department, consisting of a compliance officer and his deputy was established in 2013 at the headquarters of Constantia Flexibles in Vienna, responsible for all compliance matters in the group. Due to the decentralized structure of Constantia Flexibles, at each production site, administration personnel were entrusted with certain duties to help implement and ensure the effectiveness of the company's compliance program. The Head of Finance - in accordance with the internal organizational structure - is responsible for all local affairs under all compliance policies and acts as preferential contract person for any kind of inquiry or the granting of approval unless the contrary is explicitly stated.

Constantia Flexibles' compliance framework consists of the following key elements.

Code of Conduct (and Supplier Code of Conduct)

The Constantia Flexibles Code of Conduct is a code intended to emphasize the interest of Constantia Flexibles and its employees (and suppliers) in implementing its social responsibility and fair, ethical and sustainable principles of action and conduct. The Code of Conduct provides a framework for action applicable to all employees and suppliers, and supplements in a fundamental manner the other compliance rules of Constantia Flexibles. According to the Code of Conduct, each employee will be held responsible for ensuring that his/her behavior in a business context complies with this Code of Conduct. Violations of the Code of Conduct may have employment/contractual consequences and may also, depending on the circumstances of the case, trigger criminal or civil liability. The principles constitute basic standards intended to prevent situations that could call into question the sense of responsibility and the integrity of the Constantia Flexibles Group and its employees.

Anti-Corruption and Compliance Policy/Whistleblowing Hotline

Constantia Flexibles strictly prohibits engaging in, or tolerating bribery or any other form of corruption. The Compliance Department therefore drafted and released an Anti-Corruption and Compliance policy, explaining what constitutes corruption and setting out the standards of Constantia Flexibles in complying with applicable anti-corruption laws wherever it operates and identifies legal and compliance personnel from whom certain approvals must be obtained and with whom questions about this policy may be raised. The policy is intended to serve as a basis for all business relationships.

Also, the Constantia Flexibles Anti-Corruption and Compliance Policy provide a mandatory due-Diligence procedure with respect to consultants and agents ("Handelsvertreter") of Constantia Flexibles and future employees of the company. The policy also addresses the avoidance of conflicts of interest and implemented the company's whistleblowing system (Whistleblowing Hotline), which – again due to the decentralized structure of Constantia Flexibles – is outsourced at a Vienna based law firm. The policy also provides for an approval procedure regarding the giving/accepting of gifts or other benefits by Constantia Flexibles' employees and to do sponsoring.

Through the Anti-Corruption and Compliance Policy a Third-Party Due Diligence Procedure is introduced according to which, all new business partners of Constantia Flexibles (inter alia customers, suppliers, agents, consultant, M&A targets, etc.), need to go through a mandatory third-party due diligence process.

Antitrust Policy

Constantia Flexibles fully recognizes the principle of free and fair competition and commits itself to comply with all relevant antitrust provisions applicable in the jurisdictions the Group is active in. This commitment is also expected from the Group's business partners. Constantia Flexibles pursues a zero-tolerance policy with respect to anti-competitive practices. Therefore the Compliance Department drafted and released the Constantia Flexibles Antitrust Policy, which shall ensure compliance with the relevant competition law provisions. The policy sets out the rules of conduct applicable to the first and second pillar of competition law (prohibition of cartels and abuse of dominant position) as well as the legal consequences if said rules are broken. The policy also provides for a Guidance Paper for "Dawn Raids" by competition authorities.

Deterrent Sanction Policy

Constantia Flexibles has a zero tolerance policy when it comes to violations of its policies and procedures, in particular its Code of Conduct, its Anti-Corruption Policy and its Antitrust Policy. Also employees are expected to comply with the relevant law, any generally recognized customs that conform thereto and its internal policies and procedures. In particular, business partners must be treated fairly and contracts must be adhered to.

The Constantia Flexibles Deterrent Sanctions Policy provides a framework for sanctions applicable to all employees of the company – no matter their status or job title - should they violate the Constantia Flexibles' policies and procedures.

According to this policy, non-compliance with the abovementioned can result in disciplinary consequences for the violating employee, such as:

- additional mandatory compliance trainings;
- formal warning;
- four-eye meeting/personal discussions with the CEO;
- termination of employment/in severe cases immediate dismissal;
- bonus payments may be revoked.

Sanctions and Trade Controls Compliance Policy

This policy provides for the principle that Constantia Flexibles will not sell any goods or services directly or indirectly through sales agents, distributors or other third parties, to sanctioned persons, entities, countries, or otherwise engage in business activities that would be prohibited under European Union or United States sanctions. It is Constantia Flexibles' policy to end any business relationships which would be prohibited under applicable sanctions.

This policy further states that it is the responsibility of each employee of Constantia Flexibles to understand and follow the principles of this policy – a due diligence procedure however was not established by this policy.

Online Trainings

For the employee ethics and compliance training, Constantia Flexibles decided to do this mainly online, *via* an external Compliance Training Provider. The in-person training of 150 top employees is completed once a year at Constantia Flexibles' Sales Conference.

The current Constantia Flexibles training schedule provides the following trainings:

- Code of Conduct online training for all employees with e-mail addresses once a year (content of the trainings changes, focus of the training varies each time);
- special anti-bribery online training once a year for all employees in exposed positions such as Sales, Procurement, M&A and General Management (content of the trainings changes, focus of the training varies each time);
- special anti-trust online training once a year for all employees in exposed positions such as Sales, Procurement, M&A and General Management (content of the trainings changes, focus of the training varies each time);
- face to Face trainings for Management Personnel once a year;
- in cooperation with the HR department, general compliance trainings (face to face) in the course of the Constantia Flexibles welcome workshop twice a year;
- face to Face trainings at the plants *via* Heads of Finance, where online training is not possible due to lack of computer/internet access (*e.g.* Vietnam, India, etc.);
- new employees of Constantia Flexibles are trained in accordance with their position, within only a few months after their employment start.

The topics and associated commitments and actions in this section are supporting the following UN Sustainable Development Goal:

4.2.2.7 Duty of care – Vigilance plan

4.2.2.7.1 Risk mapping

In line with the requirements of the French law n° 2017-399 on March 27, 2017, Constantia Flexibles Group has included in its vigilance approach the risks of serious violations with regard to the following topics:

- human rights and fundamental freedoms;
- harm to the health and safety of people (covering Constantia Flexibles' personnel and end-consumers);
- harm to the environment.

In order to perform proper risk-assessments on these topics a specific workgroup was established consisting of representatives from the following departments on Group level of Constantia Flexibles: Human Resources, Sustainability, HSSE (Health, Safety, Security & Environment) and Procurement. This team got supported as well by Group Controlling and the Compliance Officer of Constantia Flexibles Group.

Beside the fact, that Constantia Flexibles performs twice a year a risk run to identify new risks as well as to review listed risks and opportunities with a bottom-up approach (from the operating plants to the Group level), the risk map for this vigilance plan is based on the Group's core activity represented as "Manufacturing of flexible packaging".

Risks related to Constantia Flexibles' own operations

The detailed identification, analysis and assessment of risks was built up on the related countries where Constantia Flexibles operates their own production facilities. These countries are related to the region "EU-countries", where 18 of all Constantia Flexibles' production-units are located whereas the Group operates another 19 plants in countries outside the European Union like Russian Federation (1), Turkey (1), Vietnam (1), India (10), South Africa (3), the United States (2) and Mexico (1) (the risk rating for each country comes from the databases of organizations such as ILO, etc.).

Risks to the health and safety of individuals (employees and sub-contractors on site, consumers, residents)

Constantia Flexibles understands the health and safety of people, who work with and for it, as well as the protection of its end-consumers' health and safety as an essential and integrated part of its daily business and success. Therefore, the risks of "occupational injuries and fatalities", "occupational toxics and hazards" were aggregated to the same level like the potential of "industrial (major) accidents" for all locations.

Moreover, Constantia Flexibles ensures the provision of flexible packaging according customers' specifications and regulatory requirements from the food- and pharmaceutical sector. This aspect in terms of "Consumer health and safety" was recognized and mapped as an opportunity (competitive advantage) for which a range of counter measures is already effectively implemented by Constantia Flexibles. Additional business-opportunities for Constantia Flexibles are long-term trends like urbanization, emerging middle class, demand for products that are not harmful to health, premium products and sustainability.

Risks related to the environment

Constantia Flexibles identified the risk of "Climate Change" and "Air pollution" as main risks, beside dealing with the topics and related risks of other environmental issues.

Direct and indirect Greenhouse Gas (GHG) emissions are generated by production processes consuming electricity, gas, fuels, steam and hot water, as well as by upstream and downstream value chain activities, such as purchased goods and services and fuel- and energy-related activities.

Among other tasks relating to corporate sustainability, Constantia Flexibles collects and monitors key data on its internal performance throughout the Group. Constantia Flexibles accounts the corporate Scope 1 and 2 emissions with a professional software tool which supports the data collection and emission calculation. The application of this software tool ensures structured and transparent data collection for all of the Group's production sites located in countries around the world. Constantia Flexibles measures and reports the emissions according the internationally recognized Greenhouse Gas Protocol and is verified by an external consultant for its Scope 1, Scope 2 and Scope 3 calculation methodology. To promote opportunities for reduction of emissions, Constantia Flexibles has set Group-wide Greenhouse Gas (GHG) emission reduction goals, see section 4.3.2.5.2 "Regular assessment procedures and mitigation measures".

Constantia Flexibles is aware of the risk of air pollution and the impact of VOC emissions on the environment. These emissions are originated in plants from the usage of solvents. In this context, the company has installed Regenerative Thermal Oxidizers (RTO) in several plants and aims to decrease the overall solvent consumption, see chapter 2 – Regular assessment procedures and mitigation measures.

During the risk-assessment to fulfill the requirements for the Duty of Care-framework it was as well identified that the potential risk categories of Raw materials/Resource depletion, Water scarcity and Land/ecosystem/biodiversity destruction can be considered as very low.

Risks related to human rights and fundamental freedoms

Constantia Flexibles, being a manufacturer of flexible packaging by operating in 19 countries worldwide, clearly commits to the compliance with internationally recognized human rights. The categories in which Constantia Flexibles assessed the related residual risks like:

- non respect of freedom of association and collective bargaining (incl. the right to join and form unions and to strike);
- non respect of international labor standards on migrant workers; and
- non respect of data privacy.

These topics were clearly identified as salient due to the company's multi-country business. Following the Group's organization, countries at risk on the above risks are mainly all beyond the borders of the European Union.

Constantia Flexibles recognizes and respects its employees' right to freedom of assembly, as well as their right to elect their representatives freely and independently.

Furthermore, Constantia Flexibles has a zero-tolerance approach to modern slavery which includes various forms like slavery, servitude, forced and compulsory labor and human trafficking, all of which are identified to deprive a person's liberty by another in order to exploit them for personal or commercial gain.

Due to this specific risk in several countries, the Group is committed to acting ethically and with integrity in all its business dealings and relationships by implementing and enforcing effective systems and controls to eliminate potential breaches in its supply chain.

Constantia Flexibles complies with the rules established by the United Nations on human and children's rights as well as commits to offering working conditions that are free of any form of harassment and bullying. No form of violence or harassment, is tolerated.

Risks related to Constantia Flexibles' purchasing

Constantia Flexibles conducted the identification of risks related to its supply chain for the scope of purchase categories in several stages.

The first stage involved collecting and centralizing key data for each major category of purchases made by Group Procurement. The mapping includes the four major categories of procuring goods within Constantia Flexibles, which are "Aluminum", "Film", "Chemicals" and "Paper". Each category represents the amount of goods bought as a share of spending, namely aluminum (about 1/3), films (about 1/3), chemicals (about 1/5) and paper (less than 10%).

The second stage of the mapping process involved ranking the CSR risks – split again into main parts named "Human rights and fundamental freedoms", "health and safety" and "Environment" – and linking and assessing the respective risk to each of the countries from where the suppliers produce the required goods and raw materials.

For this assessment, several internationally recognized and independent data-sources were used like Human Rights Watch (www.hrw.org), the International Labor Organization (www.ilo.org), the Environmental Performance Index provided by the collaboration of Yale and Columbia University (https://epi.yale.edu).

Steered by Group Procurement, Constantia Flexibles monitors the main suppliers of raw materials on their extra-financial performance by standardized forms. As part of supplier-selection a self-evaluation form to be filled by the potential supplier addresses core topics related to environmental, social and ethical risks that may arise from their manufacturing and is based on the Code of Conduct of Constantia Flexibles. Further supplier audits performed by Constantia Flexibles at the supplier production-facility follow a standardized set of questions to ensure the adherence to the required standard.

4.2.2.7.2 Regular assessment procedures and mitigation measures

Risks related to Constantia Flexibles' own operations

Constantia Flexibles implemented Group wide its Risk and Opportunity Framework with the related policy and setup in 2017. This framework with a bottom-up approach ensures the consistent reporting of risks and opportunities from the plant-level (including each manufacturing unit) by using a Group wide-standardized risk-catalogue. On Group level, the data of the assessed risks are compiled twice a year to the Group risk map by the Group Risk Controller.

Then the process requires, that the reported data needs to be reviewed by the respective Group functions, prior to their integration in the Group Risk Map.

Therefore, this process considers certain risks which need to be dealt with by the Group departments Human Resources, Sustainability/Environment and Health and Safety. Core business-risks from all operating sites (plants) globally will also be collected, assessed and reviewed.

The analysis of those risks consider appropriate mitigation measures and their potential effects at current stage and subsequently describe the level of residual risk.

Constantia Flexibles creates ownership by naming risk-owners, which are those who are responsible for implementing the specified mitigation actions. This includes respective risk-ownership on Group as well as on plant-level.

Constantia Flexibles holds a "Risk Committee" Meeting and also a "Safety Committee". The "Audit Committee" (meeting as part of the Supervisory Board), examines all the aspects of Internal Audit covering financial processes, statutory audits, etc. The social risks or degradation of Human Rights (working hours, data privacy, labor conditions, etc.), Health and Safety (accident reports, sick-leave/workers compensation), Environment (waste management, potential areas of pollution, etc.) are also handled by the Audit Committee. Constantia Flexibles experts from other Group functions are consulted each time, as necessary.

Risks to the health and safety of individuals (employees and sub-contractors on site, consumers, residents)

Mainly derived from the "List of Main Risks" which can be applied here.

Constantia Flexibles puts Safety as first priority especially at the manufacturing sites, where people who work for and with Constantia Flexibles are exposed to the hazards attached to its operations. Therefore, with regard to the protection of individuals Constantia Flexibles does not distinguish prevention and rules for workplace-safety into the people's contracts (employees, leased personnel/temporary workers, contractors). Moreover, the constant development of creating and maintaining safe and sustainable working conditions are supported by:

- Group Standards like Group HSSE Policy and underlying HSSE-Standards applicable for all subsidiaries;
- Group reporting process for accidents including standardized templates;
- defined Group Terms & Definitions which underpin the need of common understanding and set of performance-figures throughout all countries where Constantia Flexibles operates, regardless the individual, national requirements;
- minimum set of HSSE-related topics integrated into site-visits/-audits performed by HSSE and Group Internal Audit.

For all Constantia Flexibles Group standards set as Group-wide procedures an internal Document Control System provides the latest version on the Constantia Flexibles Intranet-pages. Beside this data-base, ongoing trainings have to be attended online by all management-functions about core business-policies, for example the Code of Conduct.

Further Group departments such as Operations Development as part of the Global Operations-department ensure the constant implementation of technical improvements considering technical safety beside efficiency and operational excellence (for example, in the field of fire protection).

Risks related to the environment

Constantia Flexibles has a comprehensive sustainability policy in place, which includes an annex that details actions and measures implemented to work on the company's commitments and core targets. Furthermore, the Code of Conduct and Code of Conduct for Suppliers include clauses on environment and responsible sourcing, reflecting and outlining the importance of sustainability in the company's written principles to internal and external stakeholders.

To promote opportunities for a reduction of emissions, Constantia Flexibles has set a company-wide spanning goal of a 40% reduction in Greenhouse Gas (GHG) emissions by 2023 (Scope 1 and 2 emissions per square meter produced, setting 2005 as reference year). Furthermore, in 2017 Constantia Flexibles developed a Group-wide absolute emissions reduction target, which was approved by the Science Based Targets initiative in 2018. Constantia Flexibles commits to reduce absolute Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions 24% by 2030 and 49% by 2050 from a 2015 base-year.

As more than half of the Scope 1 and 2 emissions are occurring as a result of electricity consumption (Scope 2), Constantia Flexibles is in close contact with its electricity suppliers with the aim to increase the share of purchased electricity coming from renewable resources. To mitigate the risk of Air Pollution, Constantia Flexibles has installed Regenerative Thermal Oxidizers (RTO) in several plants, consequently reducing the VOC emissions. Moreover, Constantia Flexibles also aims to decrease the overall solvent consumption in several plants by investing in new solvent-free printing technologies.

In addition to the assessment of direct and indirect emissions occurring due to the activities of the Constantia Flexibles Group, the indirect emissions caused by processes up-and downstream of the supply chain (Scope 3 emissions) are evaluated. Purchased goods used to manufacture Constantia Flexibles' products represent the most important element of Scope 3 emissions of the company. Constantia Flexibles therefore sees collaboration throughout the value chain (*i.e.* in order to implement responsible sourcing certifications) as an important component of a comprehensive approach to sustainability.

Constantia Flexibles is thus a founding member of initiatives such as the "Aluminium Stewardship Initiative" (ASI), which works towards responsible production, sourcing and stewardship of aluminum, following a comprehensive value chain approach. Constantia Teich as the biggest production plant within the Group and located in Austria, has become the first aluminum foil roller and packaging converter and the first European company to be certified according to ASI's Performance Standard for environmental, social and governance performance. In addition, Constantia Teich received the ASI Chain of Custody Certification in 2020. ASI Certification of the Constantia Teich facility signifies that Constantia Flexibles' practices meet the industry's highest standards.

Constantia Flexibles is also a founding member of Ceflex (A Circular Economy for Flexible Packaging). As part of this project, Constantia Flexibles intensively works on further enhancing the performance of flexible packaging in the circular economy. Ceflex is the collaborative project of a European consortium of companies and associations representing the entire value chain of flexible packaging. Project goals set for 2020 and 2025 include the development of robust design guidelines for both flexible packaging and the infrastructure to collect, sort and recycle them.

As an additional mitigation action, the Group joined the New Plastics Economy (NPEC), an ambitious initiative led by the Ellen MacArthur Foundation, which brings together key stakeholders to rethink and redesign the future of plastics. Constantia Flexibles is an active member participating in several pioneer projects, which gives the opportunity to accelerate the fulfillment of market- and customer needs. As part of the New Plastics Economy "Global Commitment", Constantia Flexibles pledges that 100% of its packaging will be recyclable by 2025.

Risks related to human rights and fundamental freedoms

The biggest part of risk-categories relates to this chapter and could impact people working with and for Constantia Flexibles at all organizational levels and in all countries where the Group operates in their manufacturing sites.

The sub-categories for which the country-related risks were assessed are built up as follows:

1. forced labor;
2. child labor;
3. non respect of freedom of association and collective bargaining (incl. the right to join and form unions and to strike);
4. non equal opportunities and discrimination;
5. non respect of indigenous population rights;
6. non respect of international labor standards on migrant workers;
7. risk of withholding identification documents;
8. non respect of data privacy;
9. excessive working hours;
10. unfair wages;
11. inadequate social benefits and social security;
12. harassment and abuse/disciplinary practices.

Due to established regulations and deployed standards, all countries belonging to the European Union could be rated less high for their inherent risks of above stated topics.

The final assessment then reflecting the analysis at the company level resulted in a higher risk in the categories of 3, 6 and 8 compared to the risk of risks as listed above.

Nevertheless, Constantia Flexibles implemented Group wide internal standards and built up specific reporting lines of key performance indicators, which are compiled at Group level.

As one of the key documents, the Code of Conduct covers most of the topics within the whole Group. However, during the assessments performed for the Duty of Care framework, the potential of further improvements with regard to the minimum standards about excessive working hours, and unequal salaries.

Risks related to Constantia Flexibles' purchasing

For fulfilling the Duty of Care-requirements and for describing the several kinds of assessment procedures, Constantia Flexibles identified following implemented fields of activities and procedures. All purchase categories were summarized to be classified commonly as "industrial manufacturing" (B2B only):

- the potential risks related to "Human Rights and Fundamental freedoms", "Health and Safety" as well as "Environment" are effectively covered by the CSR-related purchasing charter named "Code of Conduct for Suppliers", for which Constantia Flexibles requires all suppliers to adhere to in principle;
- integration of mandatory minimum requirements of CSR-terms and conditions included in the contracts and purchase orders; furthermore, Group procurement performs supplier-audits at their production-sites and request them to fill a self-assessment form named "preaudit questionnaire".

4.2.2.7.3 Alert mechanism

In the year 2008 Constantia Flexibles implemented a whistleblower hotline. It is outsourced to a dedicated service provider which deals as first point of contact for all incoming e-mails and calls. The law service provider is held to strict confidentiality obligations and able to answer in most languages spoken within the Constantia Flexibles Group and its affiliates worldwide. Every alert is then forwarded (depending on the whistleblower's request) Constantia Flexibles' compliance team.

This system in place aims to encourage employees and leased personnel/temporary workers to report any concerns regarding unethical behavior or any human rights violations or environmental damage.

Covering as well the French law "Sapin II" on corruption and anti-bribery aspects, Constantia Flexibles provides a description of this whistleblowing system made available through the intranet. Especially *via* the "Code of Conduct for Suppliers" Constantia Flexibles ensures this information to be forwarded to their employees and other contractors.

4.2.2.7.4 Monitoring system of implemented measures and assessment of their effectiveness

Constantia Flexibles implemented several systems and standardized their monitoring throughout all operating facilities.

Trainings and awareness-raising campaigns were identified by Constantia Flexibles as useful tools. For example, with regard to the document seen as a basement for the "Duty of Care" framework, which is the Code of Conduct, Constantia Flexibles provides annual web-based trainings about the requirements including a (anonymous) test which needs to be passed with at least 80% correct answers to finish successfully the online-training session.

For ensuring the effectiveness of Constantia Flexibles Duty of Care-framework, especially Group functions introduced specific measures:

- Group Procurement conducts supplier audits on site based on defined criteria and performs recurring internal risk-assessments on the defined purchase-categories Aluminum, chemicals, films, etc.;
- the Group Sustainability-team collects and monitors all key environmental indicators for Constantia Flexibles and tracks the performance throughout the Group;
- the Group wide consolidation platform used as database provides and includes consistency checks and requests to upload evidence documents for reported data from the operating units;
- the Group Human Resources department as well as other disciplines like HSSE benefit from the participation of several operating units in Sedex, which is one of the world's largest collaborative platforms for sharing responsible sourcing data on supply chains, used by more than 50,000 members in over 150 countries. Third-party auditing companies perform so-called Smeta (Sedex Members Ethical Trade Audit) at the production-sites on behalf of Sedex, which are set up as 4 pillar audits covering Labor Standards, health and safety, Business Ethics and the Environment;
- the Group HSSE department implements Group standards to fulfill the targeted management system based on the Constantia Flexibles vision of Zero Loss – No Harm. Moreover, the Group wide KPIs-set to be monitored on monthly basis include as well the opportunity of sharing lessons learned *via* events (accidents like Lost Time Injuries (LTI)), detailed audits on site and cross-checks with observations and findings identified by the department Group Internal Audit on site. This department provides an internal self-assessment matrix which needs to be filled by the operating units and performs frequent site-visits as part of the activities for ensuring internal compliance to the standards of Constantia Flexibles, which is the Code of Conduct and its elements considering human rights, health and safety and environmental aspects.

Auditing against the required standards performed by independent parties ensures for Constantia Flexibles to close the cycle and constantly learn. These audits performed for Sedex, necessary for obtaining any certificate based on ISO-standards or for other customer-related packaging-requirements like BRC (British Retail Consortium) give Constantia Flexibles the opportunity to continuously improve globally while ensuring the reliability of its Duty of Care framework.

4.2.2.8 Reporting scope & methodology

The reporting scope considers all legal entities including 37 production sites in 16 countries and several office-based locations (*e.g.* Headquarters, Sales-offices, Holding locations) worldwide which were part of the Constantia Flexibles Group in 2020.

Correspondingly, all legal entities and office-locations of the Constantia Flexibles Group (in 19 countries) were considered for the Human Resources-related data and information:

- "Constantia TT" acquired in 2019 in Russia and "Parikh Flexibles" in India are also fully covered by all disciplines data for the whole year 2020;
- for H&S-related reporting, major office locations like headquarters of Constantia Flexibles as well as all three offices of "Constantia Business Services" (located in Austria, Germany and Poland) are fully considered beside all production-sites.

Social

Employment

The employee hire rate is calculated by counting the number of hires (Headcount) during the reporting period, divided by the number of employees (Headcount) at the end of the reporting period, multiplied by 100.

The employee turnover rate is calculated by counting employees (Headcount) who left the Group during the year in reference to the number of employees (Headcount) employed at the end of the year, multiplied by 100.

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 (combined for Group employees and leased personnel/temporary workers).

Environment

Energy

The following energy sources are included in the total energy consumption: Natural gas, LPG, diesel, heating oil, petrol, other fuels, electricity, steam and hot water. Fossil fuel consumption is expressed in MWh Lower Heating Value (LHV).

Scopes 1, 2 and 3

The CO_2 emissions' calculation is based on Scope 1, Scope 2 and Scope 3 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 Greenhouse Gas (GHG)-emissions inventory.

VOC Emissions

The evaluation of VOC Emissions is based on the French *Guide d'élaboration d'un plan de gestion des solvants* – Revision no. 1 and is calculated as follows:

- VOC total emissions: I1 (solvents consumption) – O5 (eliminated/bound solvents) – O6 (solvents in collected waste) – O7 (solvents in products sold) – O8 (recovered and sold solvents).

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: 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 discharged into sewers is not included;
- waste sent to recovery: waste which was handed over to an external contractor who has ensured that the waste was recycled, composted or incinerated with energy recovery.

Recyclability of product portfolio

Recyclability of product portfolio is calculated using the following formula: Recyclability of product portfolio (%) = Recyclable output [m^2]/sold output [m^2].

4.2.3 CPI

4.2.3.1 Company presentation

The Crisis Prevention Institute (CPI) is America's leading training provider in crisis prevention and aggressive behavior management. The company teaches non-violent verbal intervention techniques and methods to anticipate and respond to hostile and anxiety-provoking behavior in an effective and safe manner. Included within CPI's philosophy of Care, Welfare, Safety, and Security is CPI's societal responsibility to better integrate the dimensions of equity, health and safety, eco-management, environmental protection and social impact into its activities. Since CPI was founded in 1980, the Institute has played an increasingly active role in advocating for underserved populations and drastically reducing workplace violence.

In 2018, CPI signed the United Nations Principles of Responsible Investment (PRI) to demonstrate its commitment to include PRI in evaluating business investments and operations. As a continuation, and under Wendel's impetus CPI implemented an ESG strategy with indicators. This value-added strategy allows CPI to remain at the forefront of the industry.

CPI's umbrella term for this ESG work, being carried into 2021, is *"Making CPI and our customers more resilient given current societal challenges"*. Today, under Wendel's guidance, CPI has been able to extend its commitment beyond external impact (such as reducing restraints and seclusions, reducing violence against women, minimizing use of psychotropic drugs *etc*.). The company now has an internal social responsibility policy minimizing its carbon footprint, improving equity throughout its staff, and formalizing strict business ethics. This is a continual process, and CPI covers these ESG areas and discloses progress updates at each Management Meeting.

In 2020, CPI emphasized virtual delivery of programs, deployed an internal ethics and cybersecurity awareness campaign and instituted the processes and technology for ESG definition, goal setting, progress reporting, and audits.

CPI

2020 REVENUE

$63.8 mUSD

VISION

Empowering professionals to improve their care and service to the individuals they serve.

MISSION

We teach the world that by combining the right skills with dignity and respect, you create wellbeing throughout the workplace and beyond.

VALUES

Every person possesses an intrinsic dignity and deserves the best care possible.

We fulfill our promise to customers by providing premium services and value at each customer interaction.

Growth is in our DNA.

KEY

Key partners

External resources

Internal resources

SHAREHOLDER GOVERNANCE

SHAREHOLDERS: WENDEL 96.3%, CPI MANAGEMENT (2.5%), CPI LENDERS (1.2%)

BOARD OF DIRECTORS:

4 members

25% of independent

25% of women

OPERATIONAL GOVERNANCE

EXECUTIVE LEADERSHIP TEAM:

9 members

55% of women

RESOURCES

HUMAN CAPITAL

308 EMPLOYEES

Nationalities:

- 73% in US
- 23% in Europe
- 4% in Australia

Ages:

- 31% of 18-34
- 54% of 35-54
- 15% of 55+

INTELLECTUAL CAPITAL

9 OWNERSHIP OF ALL CPI SPECIALIZED TRAINING PROGRAMS

- Creator and owner of the "Blue Card" Certification (industry global standard)
- eLearning Learning Management Solution (CPI Honeybee)

PROCUREMENT

Main purchases :

- Training event venues
- Workbooks and delivery services
- Software, cloud storage
- Other products and services

6 main suppliers, mostly American and UK

USE OF RESOURCES

SITES

3 office sites in the US (HQ in Milwaukee, IT office in Gurnee IL, DCS division office in Charlotte NC)

1 warehouse in the US (Milwaukee)

1 HQ site in Australia (Sydney)

3 offices in the UK (Sale, Newcastle under Lyme, Kings Langley)

TRAINING CAPACITY AND MAJOR END MARKETS

CPI's Global Professionals Instructors have trained 100,000+ Certified Instructors (teachers, nurses), over the past 40 years, on the following topics:

OUTPUT

SERVICES & CUSTOMERS

- Diversified set of customers world-wide (nurses offices, schools, hospitals, nursing homes, retailers, etc.)
- Certified Instructors train c. 1.2M Learners (co-workers of the Certified Instructor) per annum
- Over 15M professionals trained over the past 40 years

REVENUE BREAKDOWN

Revenue breakdown by location:

- 80% in the US
- 8% in Canada
- 9% in the UK/Europe
- 3% in Australia/NZ/Asia

CERTIFICATIONS
/ MANAGEMENT SYSTEMS

- **IACET certification in North America** (grants CEU credits to customers)
- **BILD / RRN in the UK** (authorization to train professionals who work with people with neurodegenerative diseases and physical disabilities)
- **Extensive governmental approvals to grant physical intervention training**

R & D

- Dedicated team in US and UK with 4 program introductions annually
- eLearning development capability, launching 6 programs annually

- Non-violent crisis intervention (NCI) in the Health and Education sectors
- Dementia Care Specialist training (DCS) in the long term care and assisted living marketplaces

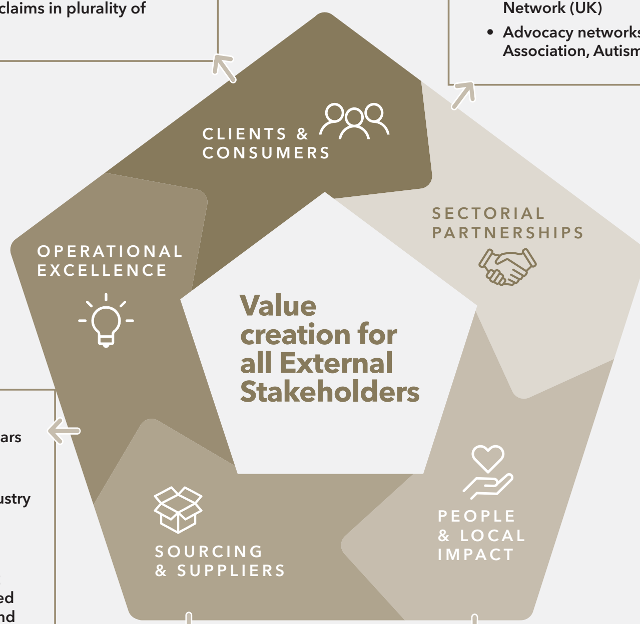
Revenue breakdown by end market:

- c. 40% in Education
- c. 40% in Healthcare/Mental Health
- c. 20% in Social Services, Retail, Security & Law Enforcement

- 96% of staff trained is confident in addressing crisis moments, leading to reduction of conflict and violence in the workplace
- 700+ psychotropic drug-related deaths prevented each year as a result of person centered care strategy training
- In 2019, 50% reduction in use of seclusions in 2/3 of schools
- In 2019, over 20% reduction in workers' compensation claims in plurality of customers

Partnerships with:

- Leading medical companies
- Schools, training centers
- ISA: Association of Learning Providers (US)
- RRN: Restraint Reduction Network (UK)
- Advocacy networks (Alzheimer's Association, Autism Speaks)



- Leading world authority, ~40 years reputation
- "Blue Card" certification (industry gold standard)
- Favourable regulations in all 50 states with 22 regulations passed between 2015 and 2020

Main suppliers are local American and UK suppliers with demonstrated excellence in cyber security and environmental standards

- Yearly training scholarships to non-profits
- Six charity challenge each year, sourced by employees and partially funded by CPI

ENVIRONMENTAL PERFORMANCE

Objective:

- Acceleration of eLearning and digital booklets

Year on year increase in eLearning revenue:

- 2019: 32% increase
- 2020: 103% increase

4.2.3.2 Overview of main risks

In 2020, CPI embarked on the formalization of the ESG risks facing its business, establishing a prioritization schema, and instituting a measurement methodology to establish baselines for use in further years. Moreover, in 2020, CPI emphasized mitigating these risks by launching virtual training programs on ethics and cybersecurity for the company's employees, as well as strengthening the company's resilience to pandemics. This was a cross-functional effort including CPI's international division, Corporate Human Resources, Operations, Legal, and Finance.

The risks in the following sections reflect those that contain the greatest potential impact to CPI's activity and brand reputation.

Topic & Risk		Risk description	Mitigation actions	KPIs	Paragraph
HEALTH & SAFETY	Health & Safety of employees	"Work from Home" initiatives may increase risk for falls, stress, and cybersecurity threats	CPI Employee handbook sign-off by each employee Capex for 'work from home' capabilities provisioned Health and Safety incident monitoring	Hours of planned absenteeism (US scope) Long term injury frequency rate (LTIFR) Health and Safety Incidents	4.2.3.4.1
SOCIAL	Training	As a professional services firm CPI's quality relies on the internal and customer-facing staff. The impacts of poorly trained staff would be: ■ Poor CI and Learner training quality; ■ Pricing degradation due to lost premium positioning; ■ Security risk if CPI experiences high levels of cyber incidents.	Comprehensive training program for all staff (remote work, cyber security and anti-bribery) Attendance tracking in all mandatory training	Number of Cyber Incidents Employee Churn Total # of employees passing mandated training Number of hours incurred for mandated training	4.2.3.4.1
	Discrimination and Equal treatment	One of CPIs core values is intrinsic dignity of each person. The company endeavors to cultivate an employee work environment, free from discrimination and inequity; lack of adherence to this vision would affect hiring and brand positioning. Potential impacts include: ■ Demotivation of employees; ■ Negative public relations; ■ Increased litigation.	Yearly updates and acknowledgment by staff of the CPI handbook Compliance with the US EEOC for job postings (be they sourced internally or externally)	Breakdown of staff by gender (Group scope), EEOC job category and income (US only)	4.2.3.4.1
	Local employment and development	Negative public relations and lack of diverse insights The impacts would be: ■ Loss of hiring attractiveness; ■ Suboptimal insights, and community development.	Ensure CPI office locations are on bus and train lines for a maximum 30-minute commute from each marginalized zip/post Code within a 10-mile radius and allow people from all walks of life to work at CPI	Breakdown of staff by gender (Group), EEOC job class and income (US only)	4.2.3.4.1

Topic & Risk		Risk description	Mitigation actions	KPIs	Paragraph
ENVIRONMENT	Climate Change	CPI, as a training firm, deploys staff to thousands of settings to deliver events. These trips generate carbon emissions as well as the energy consumption in the CPI premises.	Institution of two new practices: ■ Mandatory Work from Home day per week; ■ Implementing virtual training to reduce air travel and hotel days.	# of flights purchased Virtual training programs launched.	4.2.3.4.2
	Raw material consumption, efficiency, and supply	CPI's produces 800,000 workbooks each year and 20,000 catalogs that are direct mailed to customers. The impacts would be: ■ Significant raw material consumption; ■ Delivery costs/consumption (routing *via* UPS).	Partnering with vendors to minimize page count each year.	Catalog page count reduction (compared to previous year). % of UPS optimized spend compared to the previous year. Number of air shipments avoided (compared to previous year).	4.2.3.4.2
	Energy consumption, efficiency, and supply	CPI is an office-based organization with staff members working closely; Energy consumption impacts the quality of the working environment, and increases the pressure on environmental resources.	Conversion to LED lights office-wide to minimize energy usage, and instituting 'auto off' features in overhead lighting on the four CPI office floors in the US.	% of square feet of office space converted to LED lights (US only).	4.2.3.4.2
SOCIETAL	Corruption & Bribery	CPI performs little business where corruption and bribery are possible; CPI maintains audited approved segregation of duties and open transactions/contracting (*via* on-line contracting and DocuSign). The impact would be significant but CPI considers this risk less likely.	Full training on anti-bribery and corruption (ABC).	# of CPI staff trained and passed on ABC # of lawsuits # of lost contracts due to ethics	4.2.3.4.3
ESG PERFORMANCE OF PRODUCTS AND SERVICES	ESG performance of products and services	Lack of competence in behavior management training can increase risk of injury of staff or patient. The impact would be: ■ Public relation issue if CPI cannot prove training was done with fidelity; ■ Potential exposure for involvement in litigation.	Proven business protections around insurance, contract language and embedding 'risk of restraints' language in all customer-facing events.	Total # of active Certified Instructors.	4.2.3.4.1

4.2.3.3 ESG Governance

CPI's CEO is responsible for the performance and definition of CPI's ESG Strategy. Three additional leaders, CPI's Chief Financial Officer, General Counsel, and Vice-President of Human Resources also contribute to overall ESG performance through their respective fields. This overall team is 50% female, 50% male.

CPI's leaders have all signed the "CPI Leadership Pledge", which formalizes the Company's behavioral standards of highest ethics, equity, open and honest communications and service to all stakeholders. This naturally fits with CPI's ESG goals being presented and discussed at each executive committee of the Company.

4.2.3.4 CPI's ESG Strategy

4.2.3.4.1 Social Commitments

Developing a safe, diverse, and fulfilling work environment:

Promoting a diverse workforce

SOCIAL	Discrimination and Equal treatment	One of CPIs core values is intrinsic of each individual. The company strives to cultivate an employee work environment, free from discrimination and inequity; lack of adherence to this vision would affect hiring and brand positioning. Potential impacts include: ■ Demotivation of employees ■ Negative public relations; ■ Increased litigation.	Yearly updates and acknowledgment by staff of the CPI handbook. Compliance with the US EEOC for job postings (be they sourced internally or externally).	Breakdown of staff by gender (Group scope), EEOC category class and income (US only).
	Local employment and development	Negative public relations and lack of diverse insights. The impacts would be: ■ Loss of hiring attractiveness; ■ Suboptimal insights, and community development.	Ensure that CPI office locations are on bus and train lines so that a trip from each suburban area/zip code within a 10 mile radius does not exceed 30 minutes, and allow people from all walks of life to work at CPI.	

As of December 2020, CPI counts a total of 308 employees. The Group is present in four countries, with the following geographical presence:

Country	12/31/2020	12/31/2019
USA	226	250
Australia	12	
France	2	
UK	68	76

In 2020, CPI's headcount is down slightly as the company turns to more virtual training/skills development programs. CPI has also increased the use of digital tools for its sales activity.

The number of hires and departures in 2020 is the following:

	12/31/2020	12/31/2019
Hires	46	97
Departures	64 (including 55% voluntary)	87
Total employee turnover	20%	N/A – calculated on a consolidated basis not available

CPI promotes a strong culture of diversity and fairness. Having proven that a diverse workforce multiplies success, it is CPI's ongoing goal to promote and enrich this diversity among its employees, its customers and within its local communities.

All CPI employees must adhere to the company's diversity commitment, including by signing the CPI Employee Handbook. This handbook reiterates CPI's commitment to combating all forms of discrimination. The values embodied in the Handbook are common to all the countries in which the Company operates. Only the references to the applicable local and national law and regulations differ. At December 31, 2020 the handbook was updated for 2020 changes. In the first quarter of each year, all CPI employees must confirm online that they have read the new edition. Additionally, in the US, CPI is in full compliance with the Equal Employment Opportunity Commission (EEOC). CPI also uses the interactive process within the US for Americans with Disabilities Act requests/accommodations to ensure consistent and fair treatment of all candidates and employees.

CPI encourages all genders to apply, and ensure short listed interviews include a diverse slate of candidates.

At 12/31/2020, the company gender split was as follows:

Gender split	Male	Female
As of 12/31/2020	41%	59%
As of 12/31/2019	41%	59%

CPI has a wide variety of job categories and associated income levels. This diversity is testament to the Company's ability to provide opportunities to people of all backgrounds and educational levels. The diversity of positions and income levels is balanced and breaks down as follows:

	Professionals	Sales	Managers	Admin	Executives
As of 12/31/2020	37%	20%	19%	17%	7%

Income level	As of 12/31/2020
Up to $40K	13%
$40K-65K	53%
$65K and above	34%

To support its efforts in welcoming people from all social backgrounds and origins, without any form of discrimination, CPI also measures the number of CVs addressed by underrepresented minorities, and the percentage of candidates shortlisted. In 2020, the percentage of shortlisted candidates from underrepresented minorities was 25% for the CFO and VP of HR roles, and 62% of shortlisted candidates for all other roles were female.

Promoting health and safety at work

HEALTH & SAFETY	Health & Safety of employees	"Work from Home" initiatives may increase risk of falls, stress, and cybersecurity threats	CPI Employee handbook sign-off by each employe Capex for 'work from home' capabilities provisioned Health and Safety incident monitoring	Hours of planned absenteeism (US scope) Long-term injury frequency rate LTIFR Health and Safety incidents

CPI places an absolute priority on providing a high-quality work environment for all its employees. Faced with the unpredictable nature of the Covid-19 pandemic, CPI embarked on a significant training roll-out to staff, managers, and leaders to enable a structural change of 20% remote work by each employee. As working from home may increase risk of falls and stress, CPI's value of health and safety also instituted modules/meetings around remote working methods and performance management, and virtual meeting best practices. As a result of these initiatives, CPI recorded 0 remote working incidents in 2020.

Overall, CPI staff has managed to face the challenge of the pandemic well, with 95% of staff returning to offices by July 2020 on a 4 days at the office/1 day remote schedule. This resilience, and flexibility, has served CPI well given the volatility in community shutdowns throughout 2020. To facilitate the return of employees to the office and provide quality workspaces, CPI offices and workspaces underwent significant remodeling. This notably allowed a 40% increase in daylight inside buildings.

And thanks to its internal experience with the management of the COVID-19 crisis, CPI recognized that social distancing and mask mandates could provoke violent and anxiety-provoking reactions. For this reason the company has created a new training module for businesses and organizations, to train their employees in defusing these crisis situations, by teaching them to manage conflicts related to wearing a mask and socially distancing themselves.

Beyond the immediate management of the COVID-19 impacts on its staff's well-being, CPI continues to closely monitor - in particular through the indicators below - the health and safety of its employees:

	As of 12/31/2020	As of 12/31/2019
Number of Health & Safety incidents (with or without time off)	5	8
Number of Lost Time Injuries	1	1
Long term injury frequency rate	1.56	1.51

Moreover, the number of hours lost to planned absenteeism among CPI's staff in North America represents 22,704 hours, less than 5% of the total number of hours worked for staff within that scope.

Providing innovative training solutions for safer societies

Ensuring the highest level of service quality

SOCIAL	Training	As a professional services firm CPI's quality relies on internal and customer-facing staff. The impacts of poorly trained staff would be: ■ Insufficient quality of CI (Certified Instructor) and learner training; ■ Pricing degradation due to lost premium positioning; ■ Security risk if CPI experiences high levels of cyber incidents.	Comprehensive training program for all staff (remote work, cyber security and anti-bribery) Attendance tracking in all mandatory training	Number of cyber incidents Employee churn (value in section 4.2.3.5.1) Total # of employees passing mandated training Number of hours spent on mandated training
ESG PERFORMANCE OF PRODUCTS AND SERVICES	ESG performance of products and services	Lack of competence in behavior management training can increase risk of injury of staff or patients The impact would be: ■ Public relation issue if CPI cannot prove training was done with fidelity; ■ Potential exposure for involvement in litigation.	Regulating authorities certifying the quality of training Verification scheme to guarantee confidence in training delivery for future Certified Instructors External acknowledgments of CPI's quality training	Total # of active Certified Instructors

CPI must provide approved, training programs to customers around the world highly adapted to their expectations and needs. Regulating authorities include departments of health, education departments in the countries where the company is located, and auditors such as the Joint Commission (US) and the Restraint Reduction Network/BILD (UK). Additionally, given the pandemic, CPI had to pivot quickly and ensure customers could receive certification training remotely, and accordingly have them train their co-workers remotely as well. Every Certified Instructor, when trained by CPI, should be able to competently train their own staff on these critical skills. To verify the quality of this transmission of skills, CPI has undertaken the following actions:

1. comprehensive review and testing of Certified Instructor candidates, including frequent physical intervention assessments to be performed by the trainers, and
2. open discussion and clarification of the risks related to the control of escalating situations of violence, and organization of a question-and-answer session.

This verification schema allows the Certified Instructors to gain confidence in training others and provides a necessary knowledge base for them to answer questions from their respective teams. This confidence then translates into more effective trainers and ability to be 'active' trainers within the CPI ecosystem for a longer time.

As a US leader in providing training, it is important that regulating authorities perceive CPI as a premium provider. CPI continues to engage with the proper authorities to demonstrate the quality of its training. In 2020, the US CMS (Center for Medicare and Medicaid Services) listed CPI as a best practice example to be better prepared for crisis situations for a public hospital system to remediate a censure, and the US department of Justice listed CPI as the best practice training provider in managing aggressive behavior for a school district undergoing judgments.

CPI's two core end markets, healthcare and education, are suffering greatly from the effects of the pandemic. CPI increased communications with the actors of these sectors throughout the year and deployed:

- virtual training options to maintain their certifications;
- training strategies, plans and locations that comply with health standards, including the use of personal protective equipment and the organization of exercises in compliance with physical distancing measures.

In addition, CPI HR has formalized a training plan incorporating modules on working from home, cybersecurity (see also chapter 4.2.3.4.3) and anti-corruption. This plan provides for automated reporting and a catch-up process for unfulfilled tasks or failures. Maintaining the internal training program in a virtual format allows each employee to remain up to date in the skills required to perform their activity.

CPI's dedication to safe, accessible and tailored training delivered the following results in 2020:

	As of 12/31/2020	As of 12/31/2019
Total number of active certified instructors (including newly certified above)	35,032	39,034
Total number of employees who passed mandated training	316	N/A
Number of hours incurred for mandated training	3,625	N/A
Number of cyber incidents	13	N/A

Creating positive impacts in the face of current societal challenges

It is critically important to CPI that customers can confidently manage life's daily crisis moments in their workplaces. CPI surveys every attendee and tracks the relevance, and impact, of the training for customers' staff. The Group also monitors the effectiveness and outcomes among their clients, setting the following KPIs:

- CPI wishes that at least 80% of customers achieve positive outcomes (such as control of the constraints encountered during crisis management) as a result of training – 92% achieve outcomes ranging from moderate to highly positive about this type of crisis.
- CPI wishes that at least 80% of customers are effective in deploying our strategies and skills -99% rate themselves as moderately to highly effective;
- CPI expects at least 80% of customers are confident in addressing crisis moments in their workplace – 96% of customers declare that they are confident in addressing these crisis moments.

To best manage the myriad of customer testimonials and outcome tracking, CPI uses third party vendors to host this data and provide statistically significant outcomes:

- Techvalidate.com: this repository, owned by SurveyMonkey, queries CPI customers and works with them to develop testimonies that can be reported, utilized in print, or even through phone calls as reference checks. Hundreds of testimonials have been generated over the past five years and CPI will be adding several in 2021;
- Grandview Group: the metrics noted in the paragraph above were derived from the quarterly survey of Certified Instructors. Each quarter, Grandview will present a common question list to hundreds of CPI's CI's to track their outcomes with regard to positive outcomes, effectiveness and self-confidence.

Contributing to local communities

As an Institute, CPI seeks ways to positively contribute to all communities. This corporate approach is affirming for CPI employees, contributes to the company's local brand and aligns CPI's actions with the guiding principles of creating more care, welfare, safety and security world-wide.

Each year, The Judith Schubert scholarship is awarded in December to a prospective organization that is unable to afford CPI training. In 2020, Shelter Movers (Canada) received the award. They provide moving services for women that are in domestic abuse environments. In France, CPI has provided free training in defusing violent behavior to associations and community organizations. Wendel wished to support these organizations by committing funds to cover these training costs.

4.2.3.4.2 Environmental commitments

Contributing to the climate change mitigation efforts

ENVIRONMENT	Climate Change	CPI, as a training firm, deploys staff to thousands of settings to deliver events. These trips generate carbon emissions, as does the energy consumption at CPI premises.	Institution of two new practices: ■ Mandatory Work from Home day per week; ■ Implementing virtual training to reduce air travel and hotel days.	# of flights purchased Virtual training programs launched.

CPI views a myriad of climate change policy responses and voluntary approaches in the coming decade as essential. As a portfolio company of FFL Partners (2018), CPI became signatory of the Principles of Responsible Investing and developed an ESG strategy contributing to climate change mitigation. In late 2019 CPI as an affiliate of the Wendel Group has continued its climate change work. CPI's goals are the following:

- measure and minimize CPI's carbon footprint;
- actively work with partners and customers to enlist their support in responsible management principles;
- define, and track, business risks and opportunities if the average world temperature rises by 2 degrees Celsius by 2030.

Business trips currently constitute one of the main sources of carbon emissions for CPI. In an average week, CPI will have employees on 30 business trips including round trip air travel and 3-day stays at hotels; additionally, CPI staff will commute 4,000 miles each workday. Given strategies initiated to minimize travel in 2020, CPI began measuring the number of ordered flights. During the year, 1,812 flights were purchased. This tracking phase will allow CPI to determine a reduction strategy for the years to come.

Moreover, the remote work scheme put in place in 2020 reduced the number of commute miles by 20%, therefore decreasing emissions linked with employee home-work commuting. CPI launched 3 virtual training programs, therefore also reducing emissions linked to participants commute. These programs included renewal strategies, verbal intervention for educators, and verbal intervention for human service professionals.

Reducing energy consumption and raw material consumption

ENVIRONMENT	Energy consumption, efficiency and supply	CPI is an office-based organization with staff members working closely. Energy consumption impacts the quality of the working environment, and increases the pressure on environmental resources.	Conversion to LED lights office-wide to minimize energy usage, and instituting 'auto off' features in overhead lighting on the four CPI office floors in the US.	% of sqft of office space converted to LED lights (US offices only).

CPI is committed to a process of limiting energy consumption in order to reduce its environmental impact. Therefore, the North-American offices have set two initiatives with direct impact on energy consumption and providing baseline measures for tracking in future years:

- Use of LED (light-emitting diodes) lights office-wide to minimize energy usage and provide lumen coverage. In 2020, 100% of CPI headquarters (North American location), representing 58,000 sqft, complied with this new environmental approach.
- Institution of auto "off" features in all overhead lighting (North American location).

ENVIRONMENT	Raw material consumption, efficiency and supply.	CPI produces 800,000 workbooks each year and 20,000 catalogs that are direct mailed to customers. The impacts would be: ▪ Significant raw material consumption; ▪ Delivery costs/consumption (routing *via* UPS).	Partnering with vendors to minimize page count each year.	Catalog page count Shipping spending compared to the previous year. Number of air shipments avoided (compared to previous year).

CPI also developed new practices to reduce raw material consumption used in the manufacture of its training materials, which also indirectly impacts its carbon footprint. CPI has been working with all workbook and catalog vendors to ensure they follow robust environmental management standards. In addition, CPI has instituted internal practices that seek to address the level of emissions indirectly caused by its learning materials production and therefore incentivizes the use of eLearning to minimize workbook use, or even attentively assesses catalog pages to minimize page count. Thanks to these initiatives, 1,280,800 fewer catalog pages were produced in 2020, which resulted in a 13% reduction in shipping spend, and 60 Stock Keeping Units (SKUs) were deleted from the catalog and CPI warehouse. Finally, in 2020, CPI established benchmarks for training material shipping expense and the number of air shipments for baseline reporting in the future and measure the savings from this environmental policy.

	As of 12/31/2020	As of 12/31/2019
Spend on shipping as of 2020 (in US$)	947,339	1,094,546
Number of air shipments avoided (*vs.* previous year)	72	N/A

Finally, in assessing the scopes and emissions across the value chain, it is apparent the majority of the Group's impact are in:

- Scope 3, indirect upstream activity *(e.g.* employee commuting, business travel and purchased goods);
- Scope 3, indirect downstream activity *(e.g.* end of life treatment of CPI's sold training goods).

CPI is committed to addressing these areas as well as actively managing its assets in Australia and the United Kingdom to minimize its carbon footprint.

4.2.3.4.3 Governance commitments

Limiting bribery and anti-corruption

CPI is absolutely committed to adhering to the strictest standards of ethical behavior and avoiding potential bribery situations. For 25 years CPI has maintained a global presence and ensured executives and trainers are capable of meeting their duties without being involved in bribery or corruption. In 2020 CPI enveloped this corruption risk awareness training to its internal training program for employees.

SOCIETAL	Corruption & Bribery	CPI performs little business in areas where corruption and bribery are possible; CPI maintains audited approved segregation of duties and open transactions/contracting (*via* on-line contracting and DocuSign). The impact would be major but CPI considers this risk unlikely.	Full training on anti-bribery and corruption (ABC).	# of CPI staff trained and passed on ABC; # of lawsuits # of lost contracts due to ethics

Anti-bribery is at the heart of the mandatory training plan developed by both the Legal and HR teams. Thanks to the roll-out of the mandatory anti-corruption training 100% of all team members are now aware and trained, representing 330 people trained over 2020, who successfully passed the anti-bribery and corruption module. As a result of this training and the policies in place, CPI has not been party to a lawsuit and has not lost a contract due to ethics.

Digital data protection

In 2020, CPI experienced a 300x increase in the number of attacks against infrastructure and software/equipment. Of these attacks, 13 resulted in cybersecurity incidents and were resolved without disruption. CPI focused a third of IT spend/staff on responding to and mitigating these possible intrusions using cybersecurity tools (antivirus, firewalls, email hygiene, etc.). However, these traditional tools only block active threats. To augment these traditional protection measures and fill in the gaps in the current IT environment monitoring, CPI uses a leading AI engine, which can proactively detect a potential threat before it becomes active, by scanning CPI's network for unusual network activity, and then alerting upon the detection of an unusual network footprint. All of these measures guarantee data security for all customers and employees.

Additional information around Pandemic resilience

CPI, recognizes company employees as critical in mission fulfillment, and will continue to invest to ensure safe, clean work environments to address their anxiety and stress. In 2020, investments included:

- laptops, WiFi, and VPN access to enable CPI staff to work add space "anywhere";
- frequent CEO interactive broadcasts to provide transparency on CPI's response to the pandemic and answer any question posed;
- increased cleaning frequency and deployed best practice sanitizing stations throughout offices;
- deployed personal protective equipment for all traveling staff as well as enhanced testing;
- implemented enhanced HVAC with 3x more volume transfer throughout the day;
- enhanced workstations with structural two-meter distancing, plexiglass, and 20% reduction in floor capacity density.

Finally, to better serve customers, CPI remains extremely active with various governmental entities around the world to ensure customers had access to training provided by the company. This included gaining status as an "Essential" provider in March 2020, working with border authorities to ensure safe passage of CPI trainers to customers and gaining approval from local authorities to hold training in public venues for customers.

4.2.3.5 Reporting methodology

Organizational Scope

Unless otherwise stated, all data in this document is provided at the World scope (USA, Europe and Australia). Information is first reported at country level before being consolidated.

Human resources and Health & Safety information is reported on internally on monthly basis. Other types of information (operations, service quality) are reported on annually.

Historical data not available at the time of reporting is identified by the mention N/A.

Data sources

All CPI data used in this document has been reported in a dedicated ESG reporting tool (reporting 21). Based on a reporting protocol approved by the CEO in 2020, this reporting tool provides a clear definition and/or calculation method for all indicators to be completed, available for all contributors.

The source of the data reported within reporting 21 varies, depending on the type of indicators:

- human resources indicators: information is sourced from CPI's human resources information systems, whether internal or externalized;
- health & safety indicators: information is sourced from CPI's human resources information systems, internal incident reports or compensation reports, or tracked notifications to the human resources team;
- service & quality indicators: information is sourced from customer surveys or CPI's customer relationship management database;
- operations and environmental information are completed directly in reporting 21.

Indicators – methodological notes

Human resources data

- CPI's Total headcount at year-end includes part-time workers, interns, and temporary workers who are on the company payroll. The headcount excludes temporary workers when paid by an external agency.
- The different headcount breakdowns (by country, age, revenue…) are presented in section 2.3.5.1.
- Hires: Number of employees that joined CPI during the year, reported in physical headcount.
- Voluntary departures cover resignations and the end of internships.
- Unvoluntary departures cover motives such as misconducts, performance issues, reorganizations, end of temporary contracts, etc.
- Total departures covers both voluntary and unvoluntary departures.
- The total employee turnover is calculated using the following formula: Total number of departures/average number of employees in physical headcount.
- The average number of employees is calculated using the following formula: Headcount at the beginning of the year + headcount at the end of the year.
- Mandated training covers all training organized by the HR, IT or Legal departments, and role-based training. Training hours of employees who left the companies but were trained during the period are included.
- The total of absenteeism hours solely considers planned absenteeism which includes all forms of sick leaves but excludes paid time off and holidays.

Health & safety data

- Lost time injuries refer to injuries that led to lost working days. The day where the injury happens is not counted but as soon as one day is missed it is counted as an incident with Lost Time Injury. This definition is aligned with the Occupational Health and Safety Act (OHSA) standards.
- The formula used to calculate the Lost time injury frequency rate is the following: 1,000,000*Number of Lost-Time incidents/Total number of theoretical hours worked.

Environmental data

- The catalog page count and catalog shipping weight are based on information provided by the external providers in charge of catalog printing and air transport.
- The number of air shipments is provided by CPI's warehouse staff who track conversion from air shipments to ground. Additionally, CPI tracks cases where customers order online training materials instead of hard copy workbooks. These cases are reported monthly in the operations reports.
- The percentage of workspaces using LED lightening bulbs is monitored by building owners.

4.2.4 Cromology

4.2.4.1 Presentation of Cromology's activity

Cromology is a European decorative paints company. The Group designs, manufactures and distributes a wide range of paints and other decorative products for professionals and DIY users. It distributes innovative products in more than 50 countries around the world, with a direct presence in 8 of them (Belgium, France, Italy, Luxembourg, Morocco, Portugal, Spain and Switzerland).

Throughout its 270 years of history, Cromology has acquired a recognized expertise in the field of decorative paints. Cromology's commercial brands attest to its professionalism, its technical and aesthetic know-how and its capacity for innovation (20% of revenue was generated with products released in the last three years).

Thanks to a high-value customer experience and quality products offering the best value for money, Cromology aims to develop its presence in the decorative painting industry, especially in Europe, while doing the most to minimize the environmental impact of its operations.

In 2020, Cromology redefined its purpose as:

- Sustainably protect and color living spaces to brighten up everyone's lives.
- Guide and motivate everyone at Cromology on a daily basis for the benefit of all the stakeholders.

CROMOLOGY

SHAREHOLDER GOVERNANCE

SHAREHOLDING : WENDEL (100%)

7 members **1** independent **1** woman

2020 REVENUE

€628m

PURPOSE

Sustainably protect and color living spaces to brighten up everyone's lives.

VALUES

Safety
Excellence
Respect
Satisfaction
Collective
Imagination
Simplicity

2020 ENVIRONMENTAL PERFORMANCE

59% of recycled plastic in plastic packaging purchased in France

80% of sales with water-based paints

58% of sales of products less than 3 years old generated with eco-label products

RESOURCES

HUMAN CAPITAL

3,200 employees in 8 countries,

- 68% in France,
- 23% in Southern Europe,
- 9% other countries

CERTIFICATIONS / MANAGEMENT SYSTEMS

100% of industrial sites are OHSAS 18 001 certified

SUPPLY

Raw materials and packaging

Non Paints products (Tools and equipment for painters, Floor and wall coverings)

USE OF RESOURCES

PRODUCTION & LOGISTICS

9 Production sites

7 Logistics platforms

Transport sub-contractors

SALES AND MARKETING

Portfolio of awareness brands - BtoB A brands in their countries: **Tollens** (FR), **Max Meyer** (IT), Robbialac (POR)...

Distribution Partners: Independant Distributors DIY Retailers

OUTPUT

PRODUCTS

- Interior decorative paints
- Paints and exterior coatings
- Technical paints
- Thermal Insulation Components Systems

END / USERS CUSTOMERS

Advocacy : Architects

- Professional painters
- Private Consumers
- Private & Public Builders

KEY

Key partners

Internal resources

External resources

Sales flows (Cromology-manufactured products)

OPERATIONAL GOVERNANCE

MANAGEMENT TEAM

10 members **10**% women

70%
of logistics and production sites are ISO 14 001 certified

INTELLECTUAL CAPITAL

11 h
of training per employee

R&D

80
R&D engineers and R&D technicians

6
R&D laboratories

› 20% of sales are products launch in the last 3 years

Private laboratories for certification

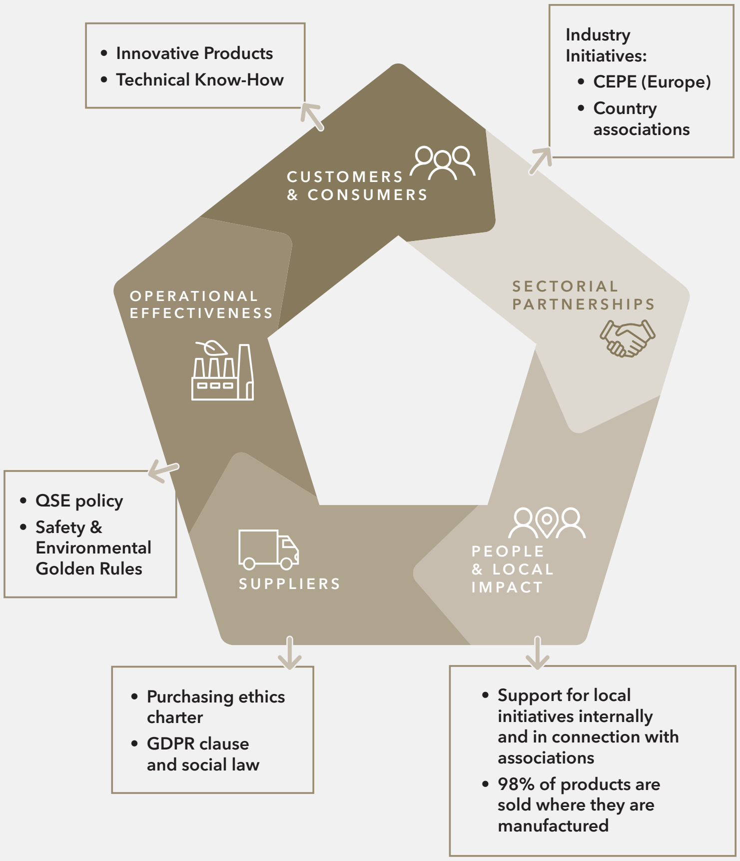
Private university laboratories
› Detection of potential technologies

INTEGRATED DISTRIBUTION

Network of **390** Points of Sales
› 60% of sales

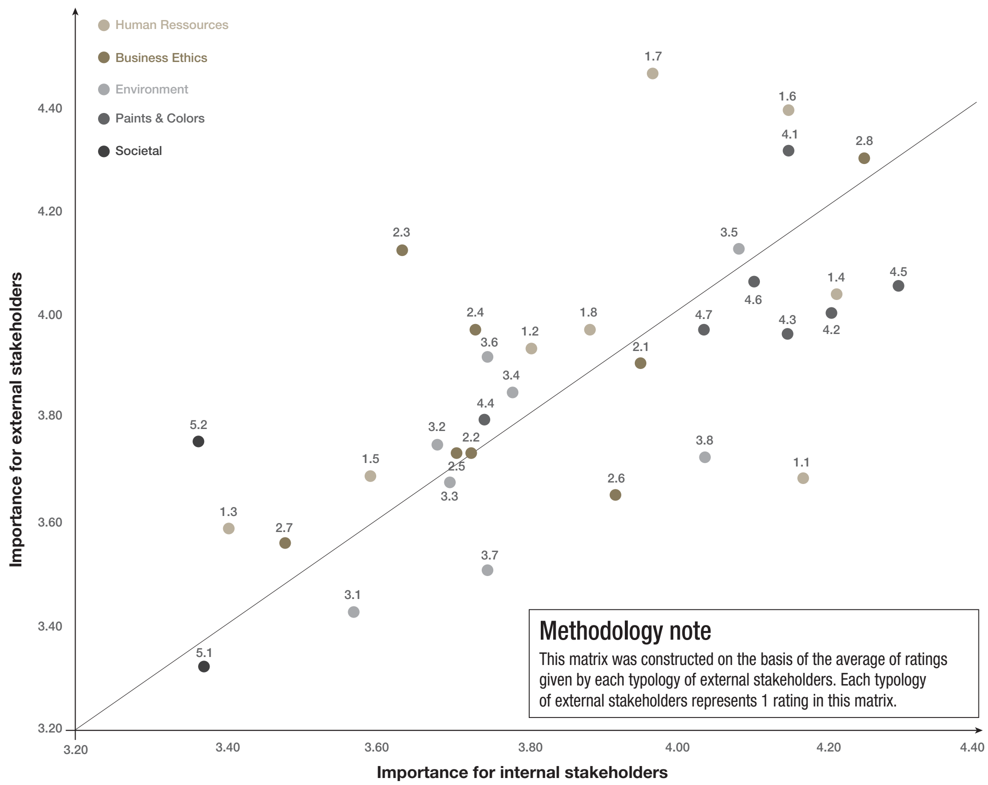
Group Brands' e-commerce platforms

Value creation for external stakeholders



4.2.4.2 Materiality Matrix

Cromology CSR roadmap (described in the section on "Cromology's 2023 Vision") reflects the material topics drawn from a materiality matrix. This matrix (established in Feb. 2021) includes both risks and opportunities regarding Cromology's sustainable engagements.



1. HUMAN RESSOURCES

1. Talent management & training
2. Well-being & quality of life at work
3. Labour relations
4. Employee engagement & attractiveness
5. Diversity, inclusion & equal treatment
6. Employees' working conditions and workplace safety
7. Prevention of industrial risks related to chemical agents
8. Occupational health and safety certification of production sites

2. BUSINESS ETHICS

1. Anti-corruption, deontology and transparency
2. Data protection
3. Raw materials sourcing & traceability
4. Suppliers & supply chain responsible management
5. Relations with retailers
6. Governance
7. Consultation and collaboration with public institutions and stakeholders
8. Compliance to regulation on chemical products

3. ENVIRONMENT

1. Energy management
2. Sustainable logistics and transport
3. Greenhouse gas emissions reduction
4. Air and soil pollution management
5. Waste management (production, distribution and logistics site)
6. Water management
7. Biodiversity & ecosystems protection
8. Environmental certification of production sites

4. PAINTS & COLORS

1. Sustainable paint solutions development
2. Sustainable packaging solutions
3. Products end-of-life management and circular economy
4. Quality management & quality management certification
5. Consumer experience
6. Indoor air pollution reduction
7. Products information to consumer

5. SOCIETAL

1. Societal commitment, social bond and civic life
2. Support for local economic development and job creation

4.2.4.3 Overview of identified risks & mitigation policies put in place

CSR topics	Extra-financial risks	Risk description	Mitigation policies and actions	KPIs	Related paragraph
HEALTH AND SAFETY	Risks linked to personal safety	Risks within Cromology's sites relating to the health of employees or subcontracted employees or customers at stores	Group HSE policy signed by the CEO. Preventive actions: training in safety, "gestures & postures", daily activities (hot news released, conducted audits) Golden safety rules. OHSAS 18001/ISO 45001 certification	Frequency rate of accidents with days lost (LTIFR) Frequency rate of all work-related accidents Severity rate of accidents	4.2.4.8.3
	Risks linked to security of industrial process and operation of points of sale	Risk of an accident occurring on a production or logistics site or at a point of sale, such as a fire or an explosion	Implementation of measures to anticipate and reduce risk described in the HSE policy Establishment of an internal contingency plan. Training: fire prevention, evacuation leaders, fire extinguisher use	% of industrial sites with OHSAS 18001 or ISO 45001 certification Insurance audits performed (%) Deployment of the 5S method in points of sale (%)	4.2.4.8.3
CSR PERFORMANCE OF PAINTS AND COLORS	Risks associated with products not being in line with market needs	Among long-term trends noted by Cromology, consumer demand for products which have the lowest possible environmental impact, has been identified In this context, constant innovation is necessary to ensure the formulation of paints with ever-improving environmental impact profiles	Regulatory monitoring and innovation Raw material supplier innovation monitoring Packaging optimization and innovation monitoring	Percentage of revenue generated by products launched within the last three years Share of revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years) Share of revenue generated by eco-certified products in total sales Share of revenue generated by water-based products in total sales Share of recycled plastic in plastic packaging purchased by Cromology in France Share of metal packaging	4.2.4.8.5

CSR topics	Extra-financial risks	Risk description	Mitigation policies and actions	KPIs	Related paragraph
ENVIRONMENTAL	Risks associated with water and soil pollution or with the contamination of water and soil by restricted substances	Risk related to the volume of effluents released into water or soil pollution, a risk related to an accidental spill or a risk of non-compliance with local regulations in force	Regular assessment of waste is carried out. It is reinforced, should a site exceed waste value regulatory thresholds, and an action plan is formalized for this site	% of ISO 14001-certified industrial and logistics sites	4.2.4.8.4
				Total Suspended Solids (TSS) (metric tons)	
				Chemical Oxygen Demand (COD) (metric tons)	
	Environmental and health and safety risks associated with the release into the air of restricted substances such as volatile organic compounds (VOCs) or carcinogenic substances	Emissions of certain substances liable to harm human health *(via* inhalation) or fauna and biodiversity	Member of the European Industrial Association of Paint Manufacturers CEPE, Cromology participates in the working Group on biocide users. Monitoring of VOC emissions in order to verify compliance with regulatory thresholds Risk control actions (wearing personal protective equipment, collective protection, training)	CO_2 emissions – Scope 1 (metric tons CO_2 eq)	
				CO_2 emissions – Scope 2 (metric tons CO_2 eq)	
				CO_2 emission ratio – Scope 1 (metric tons CO_2 eq/kT produced)	
				CO_2 emission ratio – Scope 1+2 (metric tons CO_2 eq/kT produced)	
				Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT)	4.2.4.8.4
	Risks associated with the hazardous waste generated by the activity	Management of hazardous waste generated by production sites and distribution networks that is potentially harmful or dangerous to human health and the environment	ISO 14001 Certification, Hazardous Waste Management System, Participation in Eco-DDS through an eco-tax	Waste generated (% of production volumes)	4.2.4.8.4
				Hazardous waste produced (% of production volumes)	
	Risks related to regulatory changes in relation to raw materials	Regulatory risk associated with raw materials, leading to the prohibition of a raw material or restriction of the use thereof, or to the taking of increased protective measures	Regulatory watch. Regular reformulation according to new regulations	Share of number of raw materials involved	4.2.4.8.4
				Share of volume of raw materials involved	4.2.4.8.4
	Risks associated with the transportation of hazardous products	Risk of non-compliance, and environmental risk. The potential impacts include the interruption of business or a criminal law risk in the event of non-compliance further to a check on the transport sub-contractors.	Compliance with ADR regulations, annual reports by the safety adviser, checks during loading by transporters, training	Percentage of Cromology personnel trained in ADR among those to be trained (%)	4.2.4.8.4
SOCIAL	Risks related to the lack of employee engagement	The level of employee engagement is key to the development of the business	Actions for employee engagement (wages, training, career evolution, work conditions)	Absenteeism rate in calendar days (AR1) (%)	4.2.4.8.1
				Absenteeism rate in days worked (AR2) (%)	
				Share of departures at employees initiative (%)	
				% of employees benefiting from variable or bonus remuneration plan	
				Average number of hours of training per employee	
				% of promotion	

CSR topics	Extra-financial risks	Risk description	Mitigation policies and actions	KPIs	Related paragraph
COMPLIANCE	Risks associated with employee, representative or partner behaviors non-compliant with anti-corruption regulation (Sapin 2 law)	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation	Updated policy and procedures (ABC policy, conflict of interests, third party evaluation procedures, internal rules establishing accountability for adherence to the Code); Gifts and hospitalities register and standard clauses in the agreements Risk assessment with an appropriate methodology and a consistent evaluation. Risks map and action plan established for all Group entities Third parties' due diligence: procedure with decision matrix, 2 tools implemented (data & questionnaire) Training: e-learning for all employees including acknowledgment of the policy & specific training according to the position in the organization/level of risk + newcomers arrival package Formalization of a requirement through the signature of a Responsible Purchasing charter by the main/at-risk suppliers, and a Purchasing Ethics charter by 100% of employees of the purchasing department	% of employees who have signed the Anti-corruption Policy among all Cromology's employees % of employees who have been trained on Group's anti-corruption policy among all eligible Cromology employees	4.2.4.8.2
	Risks associated with the handling of personal data non compliant with the GDPR regulation	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation	GDPR Committee, a designated focal point in each department, classification of data collected according to the GDPR standard, data processing register, precautionary measures (IT charter, communication, contracts), communication and training for employees (deployment in progress)	% of employees who have signed the Data Protection policy among all Group employees % of employees who have been trained on Group's data protection program among all Cromology's employees	4.2.4.8.2
SUPPLY CHAIN	Suppliers' & Supply Chain Risks	The potential impact is experiencing breakdowns of raw materials' procurement if any supplier production site is impacted and, therefore, affects Cromology's own production capacity	Formalization of a requirement through the signature of a Responsible Purchasing charter by the main suppliers, and a Purchasing Ethics charter by the employees of the purchasing department Definition of an annual Purchasing progress plan	Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter Share of Trade purchase value (Goods for Resale) covered by suppliers who have signed the Responsible Purchasing charter	4.2.4.8.2

Extra-financial risks and mitigation policies are reviewed by the CSR Committee every year.

4.2.4.4 CSR 2020 highlights

A. Measures to increase resilience against COVID-19

During the first COVID-19 peak that began in March, Cromology experienced a full shutdown for two weeks in France and Switzerland as against a partial or no shutdown in the other main countries (Italy, Spain, Portugal and Morocco). Its business fell by half in March and April. During the first lockdown in France, its main market, the authorities allowed the reopening of the building trade, including painters and DIY retailers. Cromology gradually restarted operations from April with a "Zero Contact Drive" at its Points of Sale. Following the first lockdown, demand bounced back strongly from mid-May. During the lockdowns in the second COVID-19 peak in the Autumn, Cromology was permitted to continue operating.

From the start of the COVID-19 crisis, management very quickly put in place Group-wide and regional emergency plans and adjusted them as the situation evolved. Top priority was given to:

- safe working and shopping. In compliance with requests and regulations at local and national level, Cromology put in place stringent health & safety measures governing human interaction;
- training was provided to safeguard employee health mainly around hygiene protocols, team rotations, home office and rules governing customer interactions. This allowed Cromology to safeguard the health of its employees in its facilities as well as of clients visiting Cromology's integrated Points of Sale;
- the due functioning of the supply chain. This has meant adapting operating processes from plants to Points of Sales to restore activity;
- major investment in sales skills and sales management training;
- setting up new communication and management routines to ensure internal cohesion and morale and maintain BtoB customer relationships remotely;
- leveraging e-commerce channels, enhancing its own existing BtoB e-commerce websites while launching BtoC websites, digital color selection tools and color sample delivery while developing call-and-collect and click-an-collect offerings from its stores;
- improving IT platforms: "mobile office", data management, CRM, Business Intelligence, go-live of e-learning and e-recruitment platforms;
- switching production across plants and countries to handle demand peaks.

B. Social relations and human resources

Strong social relations to get through the pandemic

Between mid-March and end-April, over one hundred meetings were held with staff representative bodies in the two main countries worst affected by the pandemic (France and Italy). As a result of these meetings it was possible to:

- obtain government support through partial operating agreements that avoided a financial impact for both employees, who were able to safeguard their income, and the company;
- bring forward vacation periods;
- maintain strong social dialogue and the engagement of staff representative bodies on all the steps taken during the pandemic.

Actions relating to salaries and employee retention

In early 2020, in order to improve sales representative retention in France, a new salary grid was introduced based on the turnover and profitability of each sales representative. Over fifty sales representatives took advantage of this new salary grid.

During the COVID pandemic, sales bonuses for sales representatives and their management have been repeatedly reviewed to keep them attractive and fair in a low sales environment.

The strong social dialogue also made it possible to complete the compulsory annual negotiations with an agreement on no salary increases.

Improved employee engagement

In December, a special bonus was paid to all employees on the 2020 payroll. This was as thanks for their dedication during what was a very challenging year.

In order to improve quality of life at work in big cities, Cromology initiated and adopted an agreement on remote working in December 2020. This benefits employees at the Clichy and Lyon headquarters. 300 people are eligible for this agreement, which was rolled out from January 2021.

Skills development

C-Learning, an e-learning solution, was rolled out in France from May 2020. This digital training solution is available to all employees in France, either from their computer or smartphone. By end-2020, over 40 training programs had been developed and made available. C-Learning will be rolled out across all Cromology's countries from the end of the first half of 2021. It was already successfully launched in Italy in mid-January 2021.

Talent acquisition

In France, a series of action plans have been drawn up to improve the quality and speed of the recruitment process:

- advertisements and employer branding have been reviewed;
- procedures have been harmonized;
- the job posting policy has been updated; and
- an Applicant Tracking System (ATS) was set up for the benefit of both the HR team and the management team.

The number and quality of applicants has improved as has the speed of recruitment. Furthermore, the roll-out of this ATS has allowed Cromology to lower the cost of recruitment agencies. Trialled in France, this solution may also be made available in other countries.

Compliance

In 2020, Cromology launched a new compliance program called "Acting with Integrity". It encompasses anti-corruption, data protection and fair competition programs designed to identify and mitigate risks and build a compliance culture that is a source of pride for employees and trust for all stakeholders.

Indeed, the anti-corruption program was strengthened in 2020 to make it efficient in line with the Sapin II Act and AFA recommendations. An updated version of the Policy and risk mapping has been completed. New procedures (conflict of interest) and tools (third party due diligence, e-learning) have been put in place.

The priorities for 2021 are:

- the roll-out of the anti-corruption program to ensure the effectiveness of what has been implemented;
- a focus on data protection and competition;
- a new global Chart of authority for Cromology will be also drawn up and approved;
- a Purchasing policy has been approved. The main initiatives for 2021 involve the drawing up of a double sourcing roadmap and the approval of a coverage policy to increase the inventory of raw materials.

Health and Safety

To protect its employees and customers, COVID-19 prevention plans were put in place at all Cromology locations (plants, warehouses, points of sale, offices, etc.). This involved the roll-out of new operating procedures and equipment.

In anticipation of the upcoming regulation on TiO_2 in powder form, Cromology has mapped the production sites to identify where TiO_2 is used in this form. It has taken TiO_2 dust measurements at production sites and labs in all the countries in which it operates. Where necessary, improvements will be implemented in 2021 to ensure the health and safety of employees.

To standardize practices, Cromology has reviewed and provided all sites with the accident reporting procedure and relevant documents in the event of an accident.

Concerning its occupational health and safety management system, in 2020 Cromology started migrating from OHSAS 18001 certification to ISO 45001 certification. Switzerland, Portugal, Italy and one site in France obtained ISO 45001 certification in 2020. This migration will be completed in 2021.

Environment

Cromology has launched a number of new initiatives that will be ongoing in 2021. Regarding Cromology's emissions, the use of hybrid vehicles is now included in the French Car policy (half of renewed vehicles in 2020 were hybrid).

An energy audit was undertaken in France. Action plans are being drawn up to improve energy efficiency. Cromology has also decided to work with suppliers of renewable electricity in each country in which it operates. This initiative will be implemented in 2021. Cromology will also perform an assessment of its carbon footprint this year and draw up action plans to reduce emissions. Further assessments will be done periodically (every 2 years) to evaluate the action plans.

Cromology has also promoted paint waste recycling across its integrated network. This includes the Rekupo initiative run with the organization EcoDDS in France (a free waste paint collection service offered to clients). Cromology is looking for similar initiatives in subsidiaries with a distribution network.

In order to embed environmental concerns into every employee's mindset, Cromology has established a set of "Environmental Golden Rules".

Paints and colors

Cromology extended its portfolio of eco-certified products with major launches including Crylo on the French market, a value for money interior paint. Half of total Paint sales were from eco-certified products.

Cromology has developed a set of digital and color initiatives during lockdowns. A new e-commerce website was developed for DIY customers together with a color selection App using augmented reality and new color testers to finalize color choice in real world conditions with zero contact. A new Cromology fandeck was launched with 300 new colors shaping future color trends.

Cromology also delivered a set of customer training programs to improve their application skills and health and safety awareness. These training sessions took place at factories and throughout the headquarters. Some of them are certifying training (ethics training part of the Cromology Campus in Italy). Cromology Tech Services, a team of dedicated and highly skilled technical support specialists helping clients throughout a project, wherever they are in Cromology's international network, has been reorganized in France with new processes. In addition, this team has developed new IT tools in France to more rapidly answer requests from clients thanks to the company's integrated networks.

4.2.4.5 Governance

In 2020, Cromology launched a major initiative to set out the company's CSR vision for 2020-2023. As part of this initiative, Cromology established a CSR Steering Committee. It is responsible for drawing up and managing the Group's CSR vision.

The CSR Steering Committee met 9 times in 2020.

Wendel - Cromology Board *12 meetings per year*

An assessment of Cromology CSR Policy definition and roll-out is presented to the Board on a quarterly basis.

Cromology Executive Committee *10 meetings per year*

The CEC validates the group's CSR actions plan and supports its effective implementation throughout Cromology. Together with the CSR Committee, it periodically reviews policies, objectives and actions.

CSR Committee *10 meetings per year*

The CSR Committee defines and conducts the group's CSR action plans. Pillars leaders are responsible for coordinating with country CEOs and function representatives in the field of Safety, Purchasing, Internal Audit, Legal and Human Resources. With the support of the CEC members, these experts ensure that the commitments made are relevant and that they are adopted and implemented by all teams, together with the indicators used to monitor the performance of implemented policies.

- CEO
- COO
- Supply Chain, Manufacturing, Purchasing, R&D, HSE Director
- Communication Director
- Head of Human Resources
- Chief Legal and Compliance Officer
- Head of HSE
- Chief Strategy and Marketing Officer

Ethics Committee *4 meetings per year*

Each quarter, the Ethics Committee examines the group's compliance related to CSR risks which could have a major impact on Cromology's reputation. An ethics alert system, which is accessible to all group's stakeholders, is available in the event of issues involving accounting and/or financial matters, corruption, competition law, serious damage to the environment or the safety of people, unethical behavior (discrimination and harassment), data protection or a conflict of interest.

- CEO
- COO
- Chief Legal and Compliance Officer
- Supply Chain, Manufacturing, Purchasing, R&D, HSE Director
- Head of Human Resources

4.2.4.6 Cromology's 2023 CSR Vision

"Sustainably protect and color living spaces to brighten up everyone's lives".

Our purpose motivates Cromology employees every day to design, produce and distribute decorative paints that offer the best value for money.

Decorative painting brings colors and textural effects to our immediate environment. It protects against wear and tear from weather and time. It infuses calm and warmth into our interiors. Applied on facades, it enhances the architectural and cultural heritage of our towns and cities.

We thus help sustainably maintain homes and individual or collective properties and enrich our clients' quality of life and well-being.

These beliefs make us proud to wear our brand colors and values. They also engage us to be a company that is even more responsible and innovative.

In 2020, we decided to put our Corporate Social Responsibility (CSR) at the heart of our business strategy, as well as profitable growth and professional experience.

Henceforth, in an ongoing drive for improvement, we integrate our "CSR" targets into both our business conduct and new project launches.

We have set 2023 targets around 5 key CSR issues:

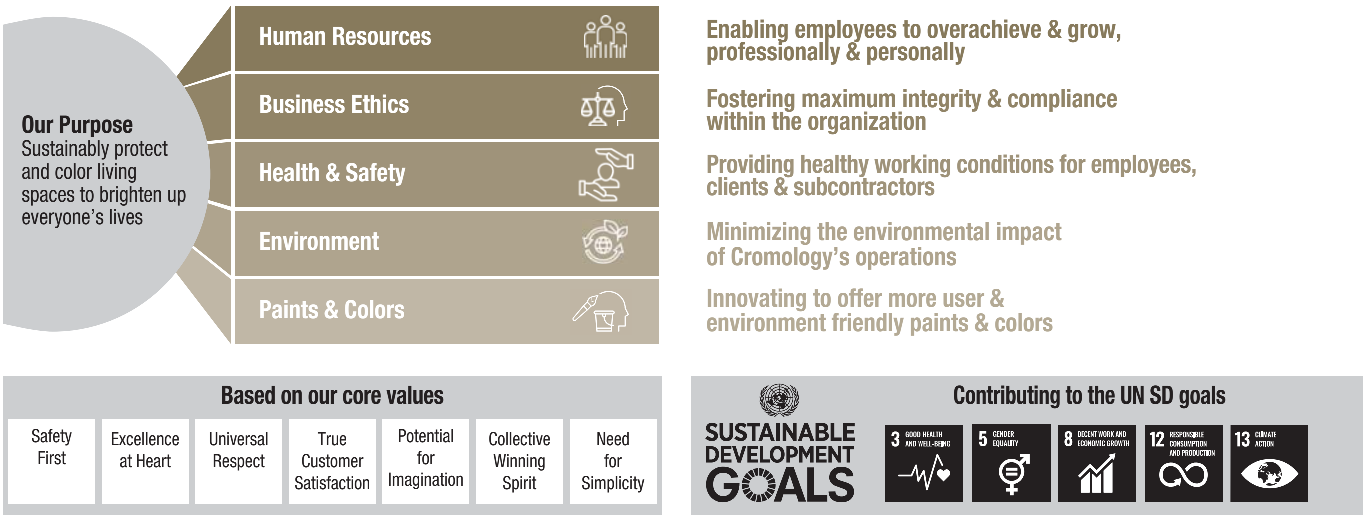
- *Human Resources: Enabling each individual to overachieve & grow, professionally & personally;*
- *Business Ethics: Fostering the highest degree of integrity & compliance within the organization;*
- *Health & Safety: Creating the conditions for protecting the health and safety of employees, customers and subcontractors in the workplace;*
- *Environment: Minimizing the environmental impact of Cromology's operations;*
- *Paints & Colors: Innovating to offer more user & environmentally friendly paints & colors.*

Our commitment to CSR aligns with the UN Sustainable Development Goals (SDGs). We have identified five relevant SDGs for our activities:

- *Good Health and Well-being (Goal 3);*
- *Gender Equality (Goal 5);*
- *Decent Work and Economic Growth (Goal 8);*
- *Responsible Consumption and Production (Goal 12);*
- *Climate Action (Goal 13).*

Building on this, we are committed to pursuing responsible and sustainable performance to maximize the value created by Cromology for all stakeholders."

The Cromology CSR Committee



4.2.4.7 Roadmap 2020-2023

As part of its 2023 CSR strategy, Cromology has defined a roadmap which links its main objectives with extra-financial Key Performance Indicators. 2020 values of indicators are disclosed in this extra-financial performance declaration, in the corresponding paragraph, tagged "2023 roadmap".

CSR Pillars	Vision	Topics	2023 targets	KPIs
HUMAN RESOURCES	Allowing everyone to surpass themselves and flourish, professionally and personally	Employee engagement	100% of employees having completed one training program a year, by 2023	% of employees having completed at least one training program
			Average employee training time of 14 hours per year	Average number of hours of training per employee
			One third of open positions to be filled through internal promotions	% of promotion – internal mobility
		Diversity, inclusion and equal treatment	Overall Group score of 85/100 (French Gender Equality Index)	French Gender Equality Index
			Develop diversity action plan and policies	
BUSINESS ETHICS	Fostering the highest degree of integrity and compliance within the organization	Anti-corruption	Anti-corruption programs rolled out.	% of employees who have signed the Group's anti-corruption policy
			100% of employees trained on anti-corruption	
		Data protection	GDPR programs rolled out	% of employees who have signed the Data Protection policy
			100% of employees trained on GDPR	
		Suppliers & Supply Chain Risks	Purchasing policy and partners Code of Conduct fully deployed.	% of Purchasing employees who have signed the Ethical Procurement charter per country
				Share of Purchasing (Raw Materials, Packaging, Good for Resale) volume covered by suppliers who have signed the Responsible Purchasing charter
		Competition	Competition programs rolled out	
		Governance	Appropriate governance charter in place	
HEALTH & SAFETY	Creating the conditions to protect the health and safety of employees, customers and subcontractors at work		Lost Time Injury Frequency Rate (LTIFR) reduction by 30% in 2023	Frequency rate of accidents with days lost (LTIFR)
			All manufacturing and logistic sites ISO 45001 certified by 2023	% of industrial sites with OHSAS 18001/ISO 45001 certification

CSR Pillars	Vision	Topics	2023 targets	KPIs
ENVIRONMENT	Minimizing the environmental impact of Cromology's operations	Waste management	All production and logistic sites ISO 14001 certified by 2023 Environmental Golden Rules rolled out across all sites Recovery and treatment program of waste generated by professional and individual clients	% of Industrial and logistics sites ISO 14001 certified
		Emissions reduction	GHG assessment, including scope 3 elements and action plans to reduce emissions Develop green energy supply within global energy consumption	Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT) CO_2 emissions
		Compliance with regulation on chemical products	Ongoing compliance with all current chemical substance regulations. Meetings to share and align all countries with changes in Raw Materials regulations (at least two per year) Compliance with discharge regulations across all facilities. Compliance with ADR across all facilities	% of Cromology personnel trained in ADR Total Suspended Solids (TSS) (metric tons) Chemical Oxygen Demand (COD) (metric tons) % of raw materials concerned by regulatory watch (out of raw materials' total)
		Natural resources	Wastewater recycling in production facilities as far as possible in order to optimize water consumption Implementation of internal energy-savings culture	Energy consumption
PAINTS & COLORS	Innovating and offering paints and colors that are more user and environmentally friendly	Design formulas meeting the latest regulatory requirements and customers' expectations with regards to sustainability and affordability	Design formulas with bio sourced or additive free components Ban plastic from packaging ranges wherever it's possible Promote paint waste recycling initiatives at points of sale Define a sustainable product portfolio assessment	Share of revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years) Share of Paint revenue generated by eco-certified products % of metal packaging
		Provide all necessary guidance and training to ensure safe and high-quality Cromology paint application and color choice Roll out professional training programs for applicators to champion painters' trade and Cromology's value proposition	Develop integrated Teams of paint technology experts covering all steps of the product development cycle Ensure state of the art laboratories, plants, tinting systems, training schools and phygital ecosystems to accompany customers along their paint and decoration journey	Number of operational companies offering professional training program.

4.2.4.8 Cromology's ESG Strategy

4.2.4.8.1 Human Resources – Enabling each individual to overachieve and grow professionally and personally

Cromology aims to achieve true customer satisfaction by means of passionate and genuinely engaged employees.

The Group works to enable all employees to be successful in their roles, while growing professionally and personally. The prospect of achieving goals, developing skills and expertise, changing or increasing responsibilities is within everyone's grasp at Cromology.

The Group fosters a high-performance culture and values high-quality working relationships, diversity, inclusion and equal treatment.

Cromology demographics

Indicators (voluntary)	2020	2019	2018
Demographics			
Group workforce	3,217	3,319	3,647
of which permanent contracts	*3,118*	*3,205*	*3,504*
of which permanent contracts (as a %)	*96.9%*	*96.5%*	*96.1%*
of which fixed-term contracts	*99*	*114*	*143*
of which fixed-term contracts (as a %)	*3.1%*	*3.4%*	*3.9%*
of whom women	*941*	*969*	*1,085*
of whom women (as a %)	*29.3%*	*29.2%*	*29.8%*
of whom men	*2,276*	*2,350*	*2,562*
of whom men (as a %)	*70.7%*	*70.8%*	*70.2%*
New hires in the Group(1)	317	362	542
of whom women	*97*	*105*	*184*
of whom women (as a %)	*30.6%*	*29.0%*	*33.9%*
Departures from the Group(2)	414	648	614
of whom women	*128*	*196*	*174*
of whom women (as a %)	*30.9%*	*30.2%*	*28.3%*
Breakdown of staff by geographic region			
France (including Belgium and Luxembourg)	68.5%	68.8%	68.7%
Southern Europe (Spain, Italy, Portugal)	22.9%	22.5%	22.5%
Other countries (Morocco, Switzerland)	8.7%	8.7%	8.9%

(1) Permanent contract + fixed-term contracts converted into permanent contracts + internal transfers + acquisitions.
(2) Permanent contracts only.

Employee engagement action plans

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks related to the lack of employee engagement	The level of employee engagement is key to the development of the business	Actions for employee engagement (wages, training, career development, work conditions)	Absenteeism rate in calendar days (AR1) (%)
			Absenteeism rate in days worked (AR2) (%)
			Share of departures at employee initiative (%)
			% of employees benefiting from variable or bonus remuneration plan
			Average number of hours of training per employee
			% of promotion

Wages

Cromology aims to pay fairly within the company and compared to the market. Employee salaries should reflect their contribution to the company's success. Incentive mechanisms and bonuses are based on a wide range of KPIs. These reflect multiple aspects of the company's performance: sales, gross margin, cost, WC, service levels, CSR criteria…. Wherever possible, Cromology believes individual and collective performance or underperformance should be reflected in everyone's compensation.

Training

To enable everyone to grow and develop personally, Cromology supports a range of training initiatives involving teamwork, mentoring, projects and traditional training.

Internal training programs have been put in place to help upskill all employees. Beginning in 2020, an e-learning platform is being rolled out across all entities to give ready access to courses.

The number of employees having completed at least one training program rose over 4 points on last year. This is mainly thanks to the e-learning solution rolled out in France. In parallel, the average number of hours of training per employee fell 1 hour. This was due to the pandemic which prevented face-to-face training whereas e-learning training programs are shorter than face-to-face.

Career development

As internal mobility is high on management's agenda, Cromology encourages and supports employees in their search for opportunities within the Group. This may be in their field of expertise or in a new role.

Since 2020, a new online recruitment system allows employees to apply for any available position. This initially covers France. A co-option system enables employees to nominate candidates with a financial reward if successfully recruited. These tools will be progressively rolled out across all Cromology entities.

Working conditions

Good working conditions are a pre-requisite to safety and high performance at work. For this reason, Cromology continuously invests in new equipment and IT tools to improve life at work.

Dedicated action plans are set up to improve employee engagement. Cromology strives to provide appropriate means to enable them to achieve their objectives.

For back-office employees living in highly congested cities such as Paris and Lyon, Cromology facilitates home-working thanks to appropriate management support and collaborative tools.

The change in absenteeism in 2020 was primarily due to the pandemic. 137 Cromology employees were infected with COVID-19. Many were quarantined when they were close contacts, pending testing.

Diversity, inclusion & equal treatment action plan

Diversity, inclusion & equal treatment are at the heart of Cromology's values.

When recruiting, rewarding or promoting employees, Cromology makes every effort to avoid any discrimination in the decision-making process.

Thanks to the French "Act for the freedom to choose one's future career", Cromology now monitors a gender balance index at all Cromology entities in France.

It has been decided to roll-out the same index across the Group. The goal is to ensure that everyone within the Group is treated equally and that progress is made everywhere.

Cromology intends to further support diversity and inclusion in the coming years primarily by communicating on these topics within the organization and in recruitment ads.

For the first time, Cromology has consolidated a Gender Equality Index for all entities with over 20 employees. It will be analyzed and will allow for improvement plans to be put in place for each entity. This will help Cromology develop policies around diversity, inclusion and equal treatment.

Key Performance Indicators – Human Resources	2020	2019(1)	2018
Employee engagement			
Absenteeism rate in calendar days (AR1) (%)	5.00%	4.45%	3.9%
Absenteeism rate in days worked (AR2) (%)	6.09%	4.90%	(1)
Share of departures at employee initiative (share of voluntary departures in total departures)	67.18%	45.8%	71.19%
Average number of hours of training per employee **"2023 roadmap"**	11.2	12.3	15.5
% of employees having completed at least one training program **"2023 roadmap"**	88.5%	84%	73%
% of promotion	6.1%	(2)	(2)
% of promotion – internal mobility **"2023 roadmap"**	28%	(2)	(2)
Diversity, inclusion & equal treatment			
% of women among all employees	29.3%	29.2%	29.8%
% of women among management	26.9%	(2)	(2)
% of women among recruitments	31.7%	29.0%	33.9%
Gender Equality Index **"2023 roadmap"**	76,8	(2)	(2)

(1) Training: As of 2019, the training indicators take into account Health & Safety training. The 2018 data presented in this table do not take these training courses into account.
(2) New 2020 indicator.

4.2.4.8.2 Business Ethics - Fostering the highest degree of integrity and compliance within the organization

Cromology is committed to operating fairly with maximum integrity and compliance with all applicable laws.

Group compliance programs (*e.g.* anti-corruption, data protection, fair competition) are designed to identify and mitigate risks as part of a continuous improvement approach.

Cromology's compliance culture is a source of pride for its employees and trust for all its stakeholders.

Anti-bribery and corruption action plans[1]

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks associated with employee, representative or partner behaviors non-compliant with anti-corruption regulation (Sapin 2 law)	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation	Updated policy and procedures (ABC policy, conflict of interests, third parties evaluation procedures, internal rules establishing accountability for adherence to the Code); Gifts and hospitalities register and standard clauses in the agreements Risk assessment with an appropriate methodology and a consistent evaluation. Risks map and action plan established for all Group entities Third parties' due diligence: procedure with decision matrix, 2 tools implemented (data & questionnaire) Training: e-learning for all employees including acknowledgment of the Policy & specific training according to the position in the organization/level of risk + newcomers' arrival package Formalization of a requirement through the signature of a Responsible Purchasing charter by the main/at-risk suppliers, and a Purchasing Ethics charter by 100% of employees of the purchasing department	% of employees who have signed the Anti-corruption Policy among all Cromology employees % of employees who have been trained on Group's anti-corruption policy among all eligible Cromology employees

(1) Accurate risk mapping depending on business sectors and geographical location.

The following initiatives have been developed to prevent the risk of corruption in the organization:

- Code of Conduct for both employees and partners that covers the specific risk areas identified in the risk assessment and provides specific guidance.
- Strategic communications plan to raise the compliance culture and enhance employees' commitment. Hence Cromology ensures regular and efficient communication to create managerial awareness as to their responsibilities.
- Appropriate training tools: business ethics training sessions are regularly run for Group employees to help them detect and manage potentially sensitive situations.
- Cromology has a zero-tolerance policy in relation to corruption across all Group business activities.

Data Protection action plans

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks associated with the handling of personal data non-compliant with the GDPR regulation	The potential impact would be sanctions in the event of non-compliance and a negative impact on Cromology's reputation	GDPR Committee, a designated focal point in each department, classification of data collected according to the GDPR standard, Data processing register, precautionary measures (IT charter, Communication, Contracts), communication and training for employees (deployment in progress)	% of employees who have signed the Data Protection policy among all Group employees % of employees who have been trained on Group's data protection program among all Cromology employees

In the course of its business and operations, Cromology may collect and process personal data relating in particular to its partners (suppliers, service providers, business partners, and customers) and clients.

In line with applicable regulations, Cromology uses collected data in a legitimate and proportionate manner.

Cromology has put in place technical and organizational measures to ensure data integrity and confidentiality (Data processing register, IT charter, Communication, Contracts).

The data protection Committee and its representatives in all departments ensure the relevance and effectiveness of the system and develop employee tools and training courses.

Supplier & Supply Chain Risks action plans

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Supplier & Supply Chain Risks	The potential impact is experiencing breakdowns of raw materials' procurement if any supplier production site is impacted and, therefore, affects Cromology's own production capacity	Formalization of a requirement through the signature of a Responsible Purchasing charter by the main suppliers, and a Purchasing Ethics charter by the employees of the purchasing department Definition of an annual Purchasing progress plan	Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter Share of Trade purchase value (Goods for Resale) covered by suppliers who have signed the Responsible Purchasing charter

To ensure its sustainable development, Cromology expects its suppliers to:

- comply with high standards of social and environmental responsibility;
- conduct all business activities in a fair and transparent manner, in compliance with the law and the highest ethical standards;

Cromology formalized its CSR requirement through a Responsible Purchasing charter for partners and a Purchasing Ethics charter for the procurement team;

Supply agreements also include GDPR, labor and anti-bribery and corruption clauses;

Cromology may also conduct audits to ensure that production conditions are in line with regulations and best standards.

These expectations are covered by the Cromology Purchasing Policy which was approved in 2020.

In 2020, the scope of Purchasing employees who have signed the Ethical Procurement charter that previously encompassed employees in France was extended to all purchasing employees within the Group.

Cromology also continues to ask suppliers to sign up to the Responsible Purchasing charter, notably those specialized in trading products. Regarding the share of Packaging Purchasing volume covered by suppliers who have signed up to the Responsible Purchasing charter the change in 2020 stemmed from an equity change at one supplier that split into two entities and the transfer of volumes to a supplier that had not already signed up to the charter. Both these suppliers will sign up to the charter in 2021.

Competition action plans

Cromology believes that fair competition provides consumers with more choice and helps produce higher quality products and services at the fairest price. This then leads to greater innovation.

As part of its commitments, Cromology makes commercial decisions independently of other market players (suppliers, customers, distributors) and does nothing that restricts normal competition.

Appropriate tools and training sessions are put in place to help employees detect and manage potentially sensitive situations. An ethics whistleblower system has been established. This is available to all Group stakeholders in the event of competition law concerns.

Governance

Corporate governance is effective and transparent. It protects the rights of shareholders and encompasses both strategic and operational risk management. It looks to balance the Company's short-term needs with a long-term vision. And it holds directors accountable for their management of the business.

Cromology's governance ensures a high degree of communication and transparency by encouraging a full explanation of decisions and transactions.

The governance framework sets out the principles, structures, enabling factors and interfaces through which the organization's governance arrangements operate. It also involves delegating appropriate levels of authority and responsibility to managers.

The process and the people who took part in the decision can be traced.

Corporate governance allows for conduct to be examined prior to scrutiny by regulatory bodies.

Key Performance Indicators – Business Ethics	2020	2019	2018
Anti-bribery and corruption			
% of employees who have signed the Group's anti-corruption policy among all Cromology Group employees - **"2023 roadmap"**	58.23%	(1)	(1)
% of employees who have been trained on Group's anti-corruption policy among all Cromology Group employees	58.23%	(1)	(1)
Data Protection			
% of employees who have signed the Data Protection policy among all Cromology Group employees - **"2023 roadmap"**	(3)	(3)	(3)
% of employees who have been trained on Group's data protection program among all Cromology Group employees	(3)	(3)	(3)
Supplier & Supply Chain Risks			
% of Purchasing employees who have signed the Ethical Procurement charter - **"2023 roadmap"**	100%	100%	(1)
Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter	81%	80.5%	(1)
Share of Packaging Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter	82%	89%	(1)
Share of Trade purchase value (Goods for Resale) covered by suppliers who have signed the Responsible Purchasing charter	54%	(2)	(2)
Share of Purchasing (raw material, packaging, goods for resale) volume covered by suppliers who have signed the Responsible Purchasing charter - **"2023 roadmap"**	69%	(2)	(2)

(1) Data unavailable for 2018.
(2) New 2020 indicator.
(3) New 2021 indicator.

4.2.4.8.3 Health & Safety - Creating the conditions for protecting the health and safety of employees, customers and subcontractors in the workplace

Excellence in Health, Safety and Environment (HSE) is at the heart of Cromology's DNA.

The Group strives for the highest HSE standards in all aspects of its operations, encompassing employees, customers, suppliers and the communities living around its facilities.

Cromology's Safety Policy is meant to protect everyone's health on a day-to-day basis.

Health & Safety action plans

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks linked to Personal Safety	Risks within Cromology's sites relating to the health of employees or subcontracted employees or customers at stores	Group HSE policy signed by the CEO. Preventive actions: training in safety, "gestures & postures", daily activities (hot news released, conducted audits) Golden safety rules. OHSAS 18001/ISO 45001 certification	Frequency rate of accidents with days lost (LTIFR) Frequency rate of all work-related accidents Severity rate of accidents
Risks linked to security of industrial process and operation of points of sale	Risk of an accident occurring on a production or logistics site or at a point of sale, such as a fire or an explosion	Implementation of measures to anticipate and reduce risk described in the HSE policy Establishment of an internal contingency plan. Training: fire prevention, evacuation leaders, fire extinguisher use	% of industrial sites with OHSAS 18001 or ISO 45001 certification Insurance audits performed (%) Deployment of the 5S method in points of sale (%)

Health and Safety key actions are organized around:

- keeping all industrial facilities certified (sites are currently OHSAS 18001 or ISO 45001 certified);
- continuously improving the Lost Time Injury Frequency Rate (LTIFR);
- having a contingency plan in all industrial facilities and warehouses, and a crisis management plan in all other sites: administrative, head office, Points of Sale (PoS);
- maintaining and renewing the prevention and coordination mechanisms (including security records, warnings, reports of dangerous situations, near-misses and improvement suggestions, etc.);
- fostering a real safety spirit in all locations, including points of sale (PoS);
- having each facility develop their own safety improvement plan;
- identifying the LOPCs, to analyze them and plan the related corrective actions;
- setting up a monitoring system using an authorized external body for 100% of industrial and commercial facilities to ensure equipment and facilities continue to comply with regulations and remain efficient;
- striving to comply, across the integrated distribution network, with local public retail safety guidelines in the countries in which Cromology operates;
- equipping all production facilities with suitable static security systems (if necessary, sprinkling, RIA, etc.).

In 2020, there were 27 accidents with days lost, compared with 41 in 2019.

As regards insurance audits performed in 2020: 4 audits were initially planned with 7 ultimately being carried out.

In 2020, Cromology enhanced the use of the 5S method (Sort, Set in order, Shine, Standardize, Sustain). In 2019, the deployment of this method was engaged in 317 French points of sale, representing 80% of Cromology points of sale. In 2019 Cromology's objective was to have made one audit in each point of sale during the year. During 2020 it has become a monthly routine with 3,804 audits performed (objective of one audit per month and per point of sale). The change in scope explains the evolution between 2019 and 2020. In 2021 Swiss points of sale will start to deploy this method.

Key Performance Indicators – Health & Safety	2020	2019	2018
Frequency rate of accidents with days lost (LTIFR) - **"2023 roadmap"**	5.09	6.24	5.93
Frequency rate of all work-related accidents	7.73	8.27	7.52
Severity rate of accidents	0.34	0.34	0.28
Deployment of the 5S method in points of sale (%) - **"2023 roadmap"**	94.9%	97%	(1)
% of Insurance audits performed	175%	100%	(1)
% of industrial sites with OHSAS 18001/ISO 45001 certification - **"2023 roadmap"**	100%	100%	100%

(1) Data unavailable for 2018.

4.2.4.8.4 Minimizing the environmental impact of Cromology's operations

Cromology is committed to operating safely in a sustainable, environmentally-friendly manner. Cromology aims to achieve the highest regulatory standards across its entities.

Environmental action plans

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks associated with water and soil pollution or with the contamination of water and soil by restricted substances	Risk related to the volume of effluents released into water or soil pollution, a risk related to an accidental spill or a risk of non-compliance with local regulations in force	Regular assessment of waste is carried out. It is reinforced, should a site exceed waste value regulatory thresholds, and an action plan is formalized for this site	% of ISO 14001-certified industrial and logistics sites Total Suspended Solids (TSS) (metric tons) Chemical Oxygen Demand (COD) (metric tons)
Environmental and health and safety risks associated with the release into the air of restricted substances (VOCs) or carcinogenic substances	Emissions of certain substances liable to harm human health (*via* inhalation) or fauna and biodiversity	Member of the European Industrial Association of Paint Manufacturers CEPE, Cromology participates in the working Group on biocide users. Monitoring of VOC emissions in order to verify that compliance with regulatory thresholds Risk control actions (wearing personal protective equipment, collective protection, training)	CO_2 emissions – Scope 1 (metric tons CO_2 eq) CO_2 emissions – Scope 2 (metric tons CO_2 eq) CO_2 emission ratio – Scope 1 (metric tons CO_2 eq/kT produced) CO_2 emission ratio – Scope 1+2 (metric tons CO_2 eq/kT produced) Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT)
Risks associated with the hazardous waste generated by the activity	Management of hazardous waste generated by production sites and distribution networks that is potentially harmful or dangerous to human health and the environment	ISO 14001 Certification, Hazardous Waste Management System, Participation in Eco-DDS through an eco-tax	Waste generated (% of production volumes) Hazardous waste produced (% of production volumes)
Risks related to regulatory changes in relation to raw materials	Regulatory risk associated with raw materials, leading to the prohibition of a raw material or restriction of the use thereof, or to the taking of increased protective measures	Regulatory watch. Regular reformulation according to new regulations	Share of number of raw materials involved Share of volume of raw materials involved
Risks associated with the transportation of hazardous products	Risk of non-compliance, and environmental risk. The potential impacts include the interruption of business or a criminal law risk in the event of non-compliance further to a check on the transport sub-contractors	Compliance with ADR regulations, annual reports by the safety adviser, checks during loading by transporters, training	Percentage of Cromology personnel trained in ADR among those to be trained (%)

Waste management

Developing and selling new products with minimum environmental impact and waste is a top priority for Cromology. All company subsidiaries respect local waste management regulations. 70% of Cromology's production facilities are IS0 14001 certified. This standard ensures traceability and proper management of chemical substance waste (hazardous and non-hazardous).

A hazardous waste collection system has been set up across French distribution networks in collaboration with an external service provider specialized in waste treatment.

Cromology encourages all workers, both in industrial facilities and offices, to sort waste.

In the main countries in which it operates, Cromology is a member of organizations, whose mission is to encourage the sorting, collection and treatment of certain chemical waste. This includes EcoDDS in France, Ecoembes in Spain and Conai in Italy.

In France, Cromology is a founding member and shareholder of EcoDDS. Cromology contributes to the shared effort of chemical companies by paying an eco-contribution. This covers the costs of collecting and treating specific household diffuse waste (chemical waste). Cromology also complies with the regulations on graph paper and pays an annual contribution to the environmental organization Citeo.

In 2020 the % of industrial sites having ISO 14001 certification decreased due to the closing of one site.

Emissions reduction

Cromology monitors VOC emissions at all its industrial facilities to check that these regulatory thresholds are respected. It has also installed collective protective mechanisms, such as the vacuum system, to limit employee exposure and avoid atmospheric emissions. Strict accordance with mandatory personal protective equipment is one of the golden rules for health and safety.

Cromology's R&D is focused on the development of new products with significantly reduced VOC content.

The Group works with suppliers to minimize the environmental impact of the raw materials it buys.

In 2021, Cromology will realize a carbon footprint assessment and define action plans to reduce its emissions. This assessment will be held periodically (every 2 years) to evaluate action plan accuracy.

Compliance with chemical substance regulations

Cromology strives for ongoing compliance with all regulations and even to anticipate them.

Cromology is an active member of the European Industrial Association of Paint Manufacturers CEPE and regularly participates in the Technical Regulation Committee. This committee monitors all regulations affecting the industry (VOC, CLP, CMR, REACH, etc.). It is also a member of the working Group for biocide users. This allows Cromology to be continually informed of legislative changes and the proper interpretation thereof.

Industrial facilities regularly control discharges to comply with current legislation.

Facilities with discharge values that can be above regulatory thresholds are subject to heightened regular checks and an action plan drawn up in agreement with the competent authorities.

Cromology also ensures compliance with the ADR (European Agreement concerning the International Carriage of Dangerous Goods) regulation, as sender and shipper. The safety advisor draws up annual reports.

In 2020, 146 employees where trained on the ADR regulation compared to 93 in 2019 (Morocco is excluded from this scope as there is no specific regulation about ADR). In 2021, Cromology will continue to roll-out its ADR training program.

The TSS volume increase due to a new installation implemented in one Cromology industrial site. A dedicated action plan is currently under investigation in order to reduce those emissions in 2021.

Sourcing of Raw Materials and natural resources

Cromology monitors regulatory developments to mitigate risks and anticipate legislative changes[1]. The forward planning team uses this regulatory monitoring. This team is tasked with identifying innovative technologies or products (possibly from other industries). This is to assess their technical and economic potential, alongside Cromology's strategic marketing and R&D teams.

The forward planning team allows Cromology to anticipate how new developments in its commercial offering might comply with potential new regulatory requirements.

Concerning natural resources, 80% of the paints produced by Cromology are water-based.

On average, water accounts for 45 to 60% of a paint's make-up.

(1) Except in Morocco, in the absence of specific regulations, Cromology has set the target of also complying with EU regulations and has started to list dangerous raw materials based on the same criteria as in the EU.

Key Performance Indicators - Environment	2020	2019	2018
Waste management			
% of industrial sites ISO 14001 certified - **"2023 roadmap"**	**70**	**77**	**70**
Waste generated (% production volume)	**4.3**	**5.5**	**5.4**
Hazardous waste generated (% production volume)	**1**	**1**	**0.9**
Emissions reduction			
CO_2 emissions – Scope 1 (metric tons CO_2 eq)	**2,160.42**	**3,338.99**	**4,741.9**(1)
CO_2 emissions – Scope 2 (metric tons CO_2 eq)	**4,396.00**	**4,749.48**	(2)
CO_2 emission ratio – Scope 1 (metric tons CO_2 eq/kT produced)	**10.77**	**15.13**	**20.37**
CO_2 emission ratio – Scope 1+2 (metric tons CO_2 eq/kT produced) - **"2023 roadmap"**	**32.70**	**36.67**	(2)
Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT)(3) - **"2023 roadmap"**	**0.62**	**0.67**	**0.62**
Compliance with regulation on chemical products			
% of eligible Cromology personnel trained in ADR among those to be trained - **"2023 roadmap"**	**69.9**	**90.3**	(3)
Total Suspended Solids (TSS) (metric tons) - **"2023 roadmap"**	**52.50**	**26.41**	**32.66**
Chemical Oxygen Demand (COD) (metric tons) - **"2023 roadmap"**	**60.40**	**53.33**	**38.58**
Raw materials and natural resources sourcing			
Share of raw materials concerned by regulatory watch out of raw materials' total - **"2023 roadmap"**	**9**	**9**	(3)
Share of raw materials concerned by regulatory watch (% of raw materials' total)	**2.1**	**3**	(3)
Energy consumption (TJ) - **"2023 roadmap"**	**140.19**	**168.6**	**197.9**

(1) Data adjusted retroactively.
(2) In 2018, only Scope 1 was calculated (gas and domestic heating oil consumption).
(3) Data unavailable for 2018, this is a new indicator from 2019. In 2020, 149 persons were trained in ADR in comparison to 93 in 2019.

4.2.4.8.5 Innovating to offer more user and environmentally friendly paints & colors

Cromology's purpose is to sustainably protect and color living spaces to brighten up everyone's lives.

The Group develops high-performance products, meeting best-in-class sustainability requirements, to take interior and exterior building finishes to the highest functional standards with a trendy but durable aesthetic touch.

Cromology is committed to serving and supporting end-users, applicators and contractors, in the long run, from sourcing to applying its products and solutions.

Extra-financial risks	Risk description	Mitigation policies and actions	KPIs
Risks associated with products not being in line with market needs	Among long-term trends noted by Cromology, consumer demand for products which have the lowest possible environmental impact, has been identified In this context, constant innovation is necessary to ensure the formulation of paints with ever-improving environmental impact profiles	Regulatory monitoring and innovation Raw material supplier innovation monitoring Packaging optimization and innovation monitoring	Percentage of revenue generated by products launched within the last three years Share of revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years) Share of revenue generated by eco-certified products in total sales Share of revenue generated by water-based products in total sales Share of recycled plastic in plastic packaging purchased by Cromology in France Share of metal packaging

Its focus areas are:

- **Design formulas meeting the latest regulatory requirements and customers' expectations with regards to sustainability and affordability, with the following actions:**
  - design formulas with bio sourced or additive free components,
  - ban plastic from packaging ranges wherever it's possible,
  - promote paint waste recycling initiatives at points of sale,
  - define a sustainable product portfolio assessment;
- **Provide all necessary guidance and training to ensure safe and high-quality paint application and color choice;**
- **Roll out professional training programs for applicators to champion painters' trade and value proposition:**
  - develop integrated Teams of paint technology experts covering all steps of the product development cycle,
  - ensure state of the art laboratories, plants, tinting systems, training schools and phygital ecosystems to accompany customers along their paint and decoration journey.

In 2020, the change in sales from eco-certified products was impacted by a country mix effect. Countries with a lower share of eco-certified products rose significantly more. A significant number of eco-certified product launches were also postponed due to the pandemic. These launches will take place in 2021.

Regarding applicator training, all operating companies have programs in place to enhance customer know-how regarding paint technology and to promote safe application practices.

Key Performance Indicators – Paints & Colors	2020	2019	2018
Share of Paint revenue generated by products launched within the last three years	19.7%	23%	25%
Proportion of Paint revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years) - **"2023 roadmap"**	58.3%	60%	64%
Proportion of Pant revenue from eco-certified products in total sales - **"2023 roadmap"**	48%	50%	(1)
Share of production generated by water-based products out of total production	91%	92%	91.5%
Share of recycled plastic in plastic packaging purchased by Cromology in France	59.7%	60%	62%
% of metal packaging - **"2023 roadmap"**	38%	(2)	(2)
Number of countries offering professional training programs - **"2023 roadmap"**	5(3)	(2)	(2)

(1) Data unavailable for 2018.
(2) Data available from 2020.
(3) Except Switzerland.

4.2.4.8.6 Societal relations (voluntary measure)

Local economy (voluntary measure)

Most of the Group's products are manufactured locally. In 2020, the share of Cromology revenue generated by products sold in the regions where they were produced was more than 98%.

As regards its purchasing policy for raw materials and packaging in Europe, Cromology favors the use of suppliers who manufacture in Europe. Cromology also strives to optimize flows and means of transportation, by sea and other means.

Partnerships and sponsorship initiatives (voluntary measure)

In 2021, Cromology will draw up a Group sponsorship policy and will incorporate it as an initiative within its CSR vision. Meanwhile, Cromology encourages its teams to support the initiatives of local or national non-profit organizations to help people in difficulty, local or national heritage, sports or schools, in the form of financial aid, donations of paint and services.

Cromology supported the projects described below in the regions where it operates in 2020.

In France, all sites of the CRI subsidiary use teams from organizations that help people with disabilities join the workforce (ESATs) to undertake tasks relating to its industrial operations (gardening, labeling, cleaning workwear, etc.). For the past 3 years, CRI has also organized the collection of plastic caps from employees on behalf of the non-profit organization Un bouchon, Une espérance. Through recycling of the caps, it finances equipment for people with disabilities. Since 2013, CRI has donated paint to local schools (2,000 liters in 2020).

In Spain, AECC (Asociación Española Contra el Cáncer) has been supported since 2016, either through solidarity "product sharing" promotional campaigns (part of the sales profits are donated to AECC) for its range sold through Leroy Merlin, or through paint donations.

Both in France and Spain, donations of workwear to local hospitals or firehouses was done during the first wave of the COVID-19 pandemic.

In Italy, donations of money have been made to charitable associations Rise Against Hunger Italia Onlus (helping vulnerable African populations) and Sonda Società Cooperativa Sociale Onlus (supporting families with children with disabilities).

In Morocco, a program is in place since 2015 to renovate rural schools through skills volunteering and paint donations. Some twenty schools and over 5,000 students have benefited from this initiative and from the distribution of school supplies.

In Portugal, 21 donations of products have been made to charitable associations, volunteer Fire Brigades, local sport associations & clubs, schools & kindergartens, an animal protection association and the Municipality of Loures, for social activities, including street art painting as part of the restoration of social districts.

Promoting art and culture is also a strong priority, with the following initiatives:

- the Tollens brand has partnered with four museums in France: Musée d'Orsay (Paris), Musée de l'Orangerie (Paris), Cité de l'Architecture et du Design (Paris) and Musée de la Piscine (Roubaix);
- the Zolpan brand is a long-term partner of CitéCréation, the world leader in painted murals. It specifically contributed to the Mur des Canuts mural in Lyon, France, the largest trompe-l'œil fresco in Europe;
- Cromology Italia supports artistic projects every year. In 2020, it sponsored the initiative of the artist Fabrizio Da Prato, a specific installation in Viale Toschi - Parma, the Italian Capital of Culture 2020;
- it also supports the artist Dale Art Heritage who created The Walk of Peace, a Guinness World Record as the longest painting by an individual - 5,310 meters.

Similarly, Tollens and Zolpan sponsor Urban Art projects: temporary or permanent frescoes created in Lyon by the Blast Art collective (Zolpan) or in partnership with a shared studio space focused on Contemporary art in the Pays de Gex region (Tollens).

4.2.4.9 Cromology's Vigilance Plan

Cromology's Vigilance Plan was drawn up in response to Act 2017-399 of March 27, 2017 on duty of vigilance. It details how Cromology assesses and prevents social and environmental risks connected with its operations and those of its suppliers.

The CSR Committee drafted the first CSR vigilance plan in 2018. It is updated annually.

Risk mapping

The risk mapping process aims to prioritize the main risks Cromology feels it faces across its own operations, products and supply chain. These are risks related to its direct production purchases and indirect purchases.

The mapping was done at entity level. By compiling the data, it has become possible to identify major risks within Cromology based on the number of sites in question, industrial or distribution network sites, and/or the number of employees concerned.

Actions that go beyond risk management and regulatory compliance within the framework of the Act on the Duty of Vigilance are implemented across a range of fields. These include:

- environmental, quality and safety certification for production and logistics sites;
- reduction in energy consumption;
- waste recycling;
- the "quality of life in the workplace" measures adopted by certain Group companies, etc.

Accordingly, some of the main risks mapped under the Duty of Vigilance Act have also been identified as main risks in the Extra-Financial Performance Declaration presented above.

Risk assessment

The risk assessment process is updated on the basis of the monitoring work carried out in the course of the annual publication of this Duty of Vigilance Plan. This is done:

i) against the background of the compliance audits carried out for the renewal of certification under the ISO 9001 (quality), ISO 14001 (environment) and OHSAS 18001 or ISO 45001 (safety) standards;

ii) against the background of the audit carried out by Cromology customers; and

ii) further to audits carried out concerning its suppliers;

The key risks identified are:

A Concerning proprietary activities

Cromology is primarily exposed to:

- risks associated with human rights and fundamental freedoms:
  - risks associated with human and employment rights such as respect for freedom of association and collective bargaining, rights of migrant workers, employee working hours and rest periods, situations involving harassment, abuse or discrimination,
  - risk associated with the management of customer personal data and ensuring the confidentiality of personal data;
- risks associated with human health and safety:
  - risks associated with the handling and use of toxic chemical substances that are potentially hazardous to the health of employees and end-users, applicators or individuals, such as substances subject to authorization (SVHC) or substances that are carcinogenic, mutagenic, and reproductive toxins (CMR),
  - health risks associated with the atmospheric emission of substances subject to restrictions (VOCs) or dust,
  - risk of occupational accidents linked to the professional activities of employees associated with industrial, logistical and commercial activities;
- risks relating to the environment:
  - risks associated with water and soil pollution or with the contamination of water and soil by restricted substances,
  - risks associated with soil pollution during industrial operations or the transportation of hazardous materials,
  - environmental risks associated with the release into the atmosphere of restricted substances (VOCs), carcinogens or dust,
  - risks associated with the management of hazardous waste generated by operations.

B Within the supply chain

Cromology is mainly exposed to risks at its suppliers of raw materials, due to the chemical nature of such materials:

- environmental risks;
- risks to the health and safety of suppliers' workers;
- risks associated with human rights and fundamental freedoms.

Measures taken to mitigate risks or prevent serious harm

Risk mitigation is based on the various measures tailored to each of the Group's area of responsibility.

Vigilance concerning human rights and fundamental freedoms

Rules of professional conduct

Since 2014, Cromology has had a Code of Conduct. This sets out the principles and rules, in particular concerning safety, that the company wishes to make mandatory for all employees, under all circumstances, across all countries. It will be updated in 2021.

Personal data management

This concerns compliance with the GDPR, which came into force in May 2018:

- the personal data of Cromology's employees, customers and suppliers has been classified in accordance with GDPR standards. A register of data processing has been created and is updated as changes occur. This guarantees that all data managed in Cromology's systems is used appropriately;
- from a security perspective, the following measures have been taken and are presented in the "Business Ethics" section of Cromology's Extra-Financial Performance Declaration;
- a "GDPR" Committee was established in 2018. This ensures that all measures pertaining to the collection and use of customer data are compliant with GDPR standards. The committee, overseen by the Chief Legal and Compliance Officer, includes representatives from IT, Human Resources, Legal and Digital.

Vigilance with regard to personal health and safety

The Group is piloting measures to mitigate personal health and safety risks with two main objectives:

- the health/safety of its employees or subcontractors, presented in the "Health and Safety" section of Cromology's Extra-Financial Performance Declaration;
- the health and safety of the product users (applicators or end-customers), presented in the "Health and Safety" section of Cromology's Extra-Financial Performance Declaration. Cromology strictly complies with European chemical regulations (REACH). It is also regularly audited by external bodies in the course of ISO 9001, ISO 14001 and OHSAS 18001 or ISO 45001 certifications. As a supplier, this is done by representatives of its customers, such as DIY retailers.

Cromology also adheres to a voluntary R&D approach that particularly focuses on respect for the environment and human health. This approach is presented in the "Paints and Colors" section of the Cromology Extra-Financial Performance Declaration.

Cromology continually seeks to reduce as far possible the VOC content of its innovations beyond any regulatory requirements in the countries in which it operates. This is done while maintaining the highest possible quality and performance levels.

In France, for example, Tollens and Zolpan launched products under the German TÜV label, which requires a VOC content of under 1 g/l for interior matte paint. This is 1/30 of the content limit under European regulations, and 1/10 of the content limit for the European Eco-label.

This voluntary approach can be seen in the proportion (in value terms) of products sold with an environmental label. In 2021, half of sales were of products that meet the most stringent labels in terms of VOC content (Eco-label, TÜV) or VOC emission rates (A+, TÜV). For new products (less than three years old), three out of five products are eco-certified.

In addition, since 2014, Cromology has been selling an anti-formaldehyde paint that can reduce the level of interior air pollution by capturing major pollutants in the paint. This product, when applied to all four walls and the ceiling of a room, can reduce indoor air pollution from these pollutants by up to 80%.

In France, the proportion of sales of eco-certified paints is 75% and the application of anti-formaldehyde paint sold by Cromology has depolluted about 5,000,000 m^3 *per annum*.

Environmental care

Respect for the environment forms a key part of Cromology's culture. For more information, please see the "Environment" section of the Extra-Financial Performance Declaration.

Vigilance with supply chain suppliers

Purchases from raw material and packaging suppliers represent Cromology's largest and most strategic purchase. In France, the suppliers from which Cromology buys trade products represent a significant purchasing pool.

This is why Cromology formalized its requirements in both its Sustainable Purchasing charter (becoming Partners Code of Conduct in 2021) with these two categories of suppliers as part of its CSR approach.

Different documents such as the Purchasing Policy and the Partners Selection Procedure also explain these requirements, the way Cromology selects its suppliers and the consequences of a potential non-conformity.

For more information, please see the "Business Ethics" section of the Extra-Financial Performance Declaration.

Whistle-blowing procedure

In 2017, Cromology put in place an internal whistleblowing system. This allows the flagging of any inappropriate conduct as per Act 2016-1691 of December 9, 2016 on transparency, combating corruption, and modernizing the economy ("Sapin 2").

In 2019, Cromology extended the scope of this whistleblowing mechanism to include any potential labor and human rights violations.

In 2020, Cromology put in place a digital solution to facilitate the disclosure of any breaches, so they can be brought to an end and further ensure the confidentiality of the alert. This mechanism may be easily used by employees but also by external or occasional staff and by stakeholders. It is available at https://cromology.integrityline.org, in 7 languages.

Range of monitoring measures implemented

In addition to the daily actions of the operational teams in the areas in question, Cromology monitors the actions implemented by the CSR Committee, which met nine times in 2020. From 2021, the Wendel Cromology Board will follow up on the implementation of the "CSR vision" on a quarterly basis.

The indicators monitored by the CSR committee and the Wendel Cromology Board are the ones mentioned in this document. These measures provide an assurance regarding the proper enforcement of action plans and duty of care procedures. For example, this concerns health and safety indicators and the annual corporate and environmental audits carried out by an external auditor in the course of the drafting the Extra-Financial Performance Declaration.

4.2.4.10 Methodology

4.2.4.10.1 Methodology used to obtain monitoring indicators

Scope and consolidation methods for key indicators

The key indicators in this report were selected from across all subsidiaries consolidated in Cromology's financial statements. Cromology's scope includes 16 industrial and logistic sites.

For each indicator, the detailed calculation methods are defined in the chapter "reporting methodology" below. Where measured data is not available, each entity produces estimates. From 2019, data collection is performed *via* an online reporting tool made available by Wendel.

Responsibilities and checks

The Group's Human Resources department collects and consolidates the HR data, ensures that it is consistent, and validates it. It is the responsibility of Cromology's human resources community to produce this data for each subsidiary.

Cromology's HSE department consolidates "safety" and "environment" data and performs consistency checks.

"Safety" indicators are produced by the safety manager of each subsidiary. Environmental experts at each Cromology subsidiary are responsible for producing the environmental data.

Monitoring indicators for products launched within the last three years and the percentage of net sales of new products with environmental certification of all products launched within the last three years are produced by the Marketing departments of each subsidiary. This data is consolidated and checked for consistency by the Group Marketing department.

The monitoring indicator for the number of raw materials (including regulated raw materials) used in the formulations of the paints manufactured by Cromology is produced by the Group R&D department.

The indicator for the volume of use of formulas containing regulated raw materials such as SVHC and CMR (1 and 2) per metric ton is produced by the Group R&D department.

The indicator relating to the percentage of recycled plastic in packaging used for products sold by Cromology" is monitored by the Group's Industrial Purchase department. This is produced by the supplier.

Each Cromology subsidiary is responsible for the indicators it collects and monitors.

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

4.2.4.10.2 Methodological note

Methodological limitations and uncertainties

Since fiscal year 2019, Social, Health & Safety and Environmental data have been reported directly by Cromology site teams *via* an online reporting tool made available by Wendel.

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

4.2.4.10.3 Human Resources indicators

Employee engagement

Indicators used

Absenteeism rate

AR1 is the absenteeism rate for employees on permanent and fixed-term contracts that is reported for all subsidiaries.

It is calculated by dividing the number of calendar days of absence by the total number of calendar days in the year (365* for both fixed-term and permanent contracts). 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 absenteeism rate.

Since 2019, a second absenteeism rate (AR2) has been calculated that takes into account only days worked against days of absence and days worked per year.

Share of departures at employee initiative (resignations, retirements). This rate takes into account the number of employee resignations and retirements in relation to the total number of departures.

% of employees having completed at least one training program per year
Average number of hours of training per employee

Hours of training for employees on permanent and fixed-term contracts are reported for all subsidiaries. They include internal and external training (including e-learning) and exclude hours corresponding to the schooling of work-study students in France.

% of promotion

People within headcount who had a change in their coefficient, level or grade among total headcount.

% of promotion – internal mobility

People within headcount who had a change in their position among opened permanent positions filled during the period.

Diversity, inclusion & equal treatment

Indicators used

% of women among all employees

% of women among management

% of women among recruitments

Gender Equality Index

Based on the French Gender Equality Index for companies with over 250 employees applicate to all Cromology entities. The gender equality index evaluates:

- pay gap between women and men, socio-professional category and comparable age;
- difference in rate of individual increases between women and men;
- difference in promotion rate between women and men;
- % of employees increased upon return from maternity leave;
- parity among the 10 highest remunerations.

The index is computed at entity level then consolidate at Group level. Consolidation is done for every entity for which the index is computable. The entity index result is weighted taking into account entity headcount.

Total headcount

The total headcount is the number of employees with a permanent or fixed-term contract on the last calendar day of the year. Trainees and Ph.D. students are not counted. Workforce data is reported in number of people and not full-time equivalents. Starting in 2019, employees on notice or reclassification leave for economic reasons have been excluded.

Hires & departures

New hires on permanent contracts and fixed-term contracts made permanent and new hires *via* company takeovers are counted as new hires. Departures relate solely to permanent contracts for departures at the initiative of the employee or the employer or retirement, or for company disposals, or deaths. Internal transfers between Group companies are recognized at the Group level. Since 2019, employees on notice or reclassification leave for economic reasons have been included in departures at the initiative of the employer.

4.2.4.10.4 Indicators relating to Business Ethics

Anti-bribery and corruption

Indicators used

% of employees who have signed the Group's anti-corruption policy among all Cromology Group employees

% of employees who have been trained on Group's anti-corruption policy among all Cromology Group employees

Data Protection

Indicators used

% of employees who have signed the Data Protection policy among all Cromology Group employees

% of employees who have been trained on Group's data protection program among all Cromology Group employees

Supplier & Supply Chain Risks

Indicators used

% of Purchasing employees who have signed the Ethical Procurement charter

This is the percentage of Purchasing employees in the Group Purchasing department who have signed the charter, out of the total number of Purchasing employees.

Share of Raw Materials Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter

This is the percentage of the amount of purchases from main suppliers[1] that have signed the Responsible Purchasing charter or presented a CSR approach that meets the criteria of the Responsible Purchasing charter, out of the total amount of purchases.

Share of Purchasing volume covered by suppliers who have signed the Responsible Purchasing charter

This is the percentage of the amount of purchases from main risk suppliers[1] that have signed the Responsible Purchasing charter or presented a CSR approach that meets the criteria of the Ethical Purchasing charter, out of the total amount of purchases.

Share of purchasing value (Goods for resale) covered by suppliers who have signed the Responsible Purchasing charter

This is the percentage of the amount of purchases from the main/at-risk suppliers[1] having signed the Ethical Purchasing Charter or those having presented a CSR approach meeting the criteria of the Ethical Purchasing Charter, on the total amount of purchases.

Share of the volume of purchases (raw materials, packaging, goods intended for resale) covered by suppliers who have signed the "Responsible Purchasing" Charter.

This is the percentage of the amount of purchases from the main/at-risk suppliers[1] having signed the Ethical Purchasing Charter or those having presented a CSR approach meeting the criteria of the Ethical Purchasing Charter, on the total amount of purchases.

(1) *Main/at Risk suppliers are defined according to the "80/20" rule by Cromology's Purchasing team: 20% of the suppliers representing 80% of the total amount of Purchases or presenting a risk.*

4.2.4.10.5 Health & Safety indicators

Indicators used

Frequency rate of accidents with days lost (LTIFR)

The Frequency rate of accidents with lost days (LTIFR) is the number of accidents involving the loss of more than one day of working time 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 traveling are included in these indicators when they occur during working hours. Accidents while commuting between home and work are not included.

Frequency rate of all work-related accidents

The Frequency rate of all work-related accidents 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 traveling are included in these indicators when they occur during working hours. Accidents while commuting between home and work are not included.

Severity rate of accidents

The severity rate of accidents 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 Group subsidiaries.

Deployment of the 5S method in points of sale (%)

Number of 5S audits carried out in points of sale in comparison to 5S audits to be carried out (yearly objective: 3,804 in 2020).

% of Insurance audits performed

Number of insurer audits performed out of the number of insurer audits to be performed for the entire Cromology Group.

% of industrial sites with OHSAS 18001 or ISO 45001 certification.

Number of industrial sites with OHSAS 18001 or ISO 45001 certification out of the total number of industrial sites

4.2.4.10.6 Environmental indicators

Wastes management

Indicators used

% of industrial and logistic sites ISO 14001 certified

Number of production and logistic sites with ISO 14001 certification out of the total number of production and logistic sites

Waste generated (% production volume)

Using these indicators, this involves assessing the quantity of waste generated (in metric tons) per ton of product manufactured. This rate does not include any exceptional waste, such as waste generated by the removal of asbestos from buildings. Network waste, hazardous or non-hazardous, is included. For the latter, these figures are estimates.

Hazardous waste generated (% production volume)

This involves assessing the quantity of hazardous waste generated (in metric tons) per ton of product manufactured. This rate does not include any exceptional waste, such as waste generated by the removal of asbestos from buildings. Network waste, hazardous or non-hazardous, is included. For the latter, these figures are estimates.

Emissions reduction

Indicators used

CO_2 emissions – Scope 1 (metric tons CO_2 eq), CO_2 emissions – Scope 2 (metric tons CO_2 eq), CO_2 emission ratio – Scope 1 (metric tons CO_2 eq/kT produced), CO_2 emission ratio – Scope 1+2 (metric tons CO_2 eq/kT produced) -

These emissions are calculated with emission factors based on energy consumption. Emission factors were updated for 2019 and are taken from the Ominea 2019 database. Emissions for 2018 and 2017 were not recalculated and use the Ominea 2012 base factors.

CO_2 emissions include Scope 1 (heating oil and gas consumption) and, since 2019, Scope 2.

Intensity of Volatile Organic Compounds emitted per kilo metric ton of production (T/kT)

VOC emissions from combustion energy are no longer included in the calculation of total VOCs as of 2019. They represented less than 0.2% of total VOC emissions in 2018 (in metric tons produced). For 2018 and 2017, they were calculated using emission factors determined by the French National Organization for Atmospheric Emissions Inventory Methods (Ministry of Ecology, France, February 2012).

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

The methodology for calculating this indicator was changed in 2017. The new methodology is the one used for solvent management plans. The "VOC" indicator is calculated in the following manner (other VOC emissions):

VOC (in metric tons) in raw materials ("input 1 VOCs"): these VOCs are calculated on the basis of VOC content (as a %) and the quantity of each raw material consumed (in metric tons);

VOC (in metric tons) in finished products ("output 2 VOCs"): these VOCs are calculated from the average VOC content of a paint formulation. This average VOC content value is calculated on the basis of the VOC content of 10-15 formulations representing at least 50% of the total tonnage produced by the site under consideration. The calculation is weighted by the tonnage of each formulation produced, giving the average VOC content that is then applied to all tonnage produced;

VOC in waste ("output 3 VOC"): these VOCs are calculated by applying either the average VOC content in the raw materials, or the average VOC content of the finished product to the solvent-laden waste (in metric tons), depending on the type of waste;

"Diffuse VOC" is calculated as value of (1) - value of (2) - value of (3).

Compliance to regulation on chemical products

Indicators used

% of eligible Cromology employees trained in ADR among those to be trained

Training for employees in ADR (European Agreement on the International Carriage of Dangerous Goods by Road): Percentage of employees trained in ADR in relation to the number of people scheduled for the annual training plans for ADR.

Total Suspended Solids (TSS) (metric tons)

Suspended Solids refer to small solid particles which remain in suspension in water. TSS test measures the quantity of suspended particles which will not pass through a filter, as an indicator of water quality. The TSS is measured , after the internal treatment system, on a sample taken to be representative of the quality of the water discharged.

Chemical Oxygen Demand (COD) (metric tons)

COD is the mass of Oxygen necessary to fully oxidize carbon and hydrogen containing compounds in one liter of solution, as an indicator of water quality. The COD is measured, after the internal treatment system, on a sample taken to be representative of the quality of the water discharged.

Raw materials and natural resources sourcing

Indicators used

Number of raw materials concerned by regulatory watch (% of raw materials' total)

Number of raw materials concerned by regulatory watch out of the total Number of raw materials

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.

Paints & Colors

Indicators used

- Share of Paint revenue generated by products launched within the last three years

Share of Paint revenue from eco-certified products launched within the last three years (out of total revenue from products launched within the last three years)

This is the share of revenue generated by products launched within the last three years with an eco-label out of the total revenue of products launched within the last three years.

Eco-labels include:

- the European Union eco-label established in 1992;
- the TÜV SÜD label is awarded by the German independent eco-body of the same name for renewable energies;
- the NF Environnement label is issued by the French national organization for standardization (Afnor) (paints, varnishes and related products – NF 130);
- the Excell Zone Verte and Excell Plus labels from Excell, an ISO 17025-accredited laboratory, classify materials, products and coatings that are compatible with the indoor air quality of living areas, HQE housing or food industry premises.

- Share of Paint revenue generated by eco-certified products in total sales

- Share of production generated by water-based products out of total production

Share of recycled plastic in plastic packaging purchased by Cromology in France

This is the percentage of the weight of post-industrial recycled polypropylene (recycled plastic packaging) purchased from the main supplier (metric tons) in relation to the total weight of polypropylene (plastic packaging) purchased from the main supplier (metric tons).

% of metal packaging

Share of the yearly purchase value of metal packaging *versus* total of yearly purchase value of plastic and metal packaging.

4.2.5 Stahl

4.2.5.1 Presentation of the company's activity

Stahl is the world leader in leather chemicals and high-performance coatings and polymers, with its registered headquarters in Europe (the Netherlands). Stahl specializes in providing products and services to manufacturers of leather, synthetics, textiles and other materials used in the automotive, garment, footwear, luxury bags and home furnishing consumer segments. Stahl uses two primary brands (Stahl and PielColor) to promote its products and services, and there are many product trademarks used in the portfolio *e.g.:* PolyMatte®, Permacure®, Stahl NuVera™, Stahl Ympact™, Stahl EasyWhite Tan™, Catalix®, DryFast, STAHL EVO, Stahl Neo, Stahl Relca® Bio, PielColor Magic Line.

Stahl manufactures its portfolio of products either at its manufacturing sites around the world or at outsourced locations *via* service or supply agreements. Stahl's suppliers are generally large multinational chemical companies.

Stahl's customers are manufacturers of leather, coated fabrics, textiles and synthetic materials. The company also supplies shoe factories and paint & coatings manufacturers. Stahl's customers range from large corporations to medium and small sized operations. Smaller customers are typically handled by Stahl's significant network of agents and distributors around the world.

As of December 31, 2020, Stahl operated 11 manufacturing sites and 37 application laboratories in 22 countries around the world, employing around 1,800 people. The countries where Stahl does most business are, in alphabetical order, Argentina, Bangladesh, Brazil, China, Colombia, France, Germany, India, Indonesia, Italy, Japan, Mexico, Netherlands, Pakistan, Singapore, Spain, Turkey and the USA. As a supplier of chemical products and related services, Stahl considers the health and safety of its employees to be its primary responsibility. Stahl is a model for workplace safety, with a low accident frequency rate.

Stahl is aligned to the UN Global Compact, the world's largest corporate sustainability initiative, and reports on its guiding principles annually since 2011. The 10 principles of the UN GC are included in the Stahl Code of Conduct for Business partners. With this commitment, Stahl has confirmed the alignment of its strategy and operations to the universal principles of human rights, labor rights, the environment and anti-corruption. Stahl also reports on its progress with the 17 UN Sustainable Development Goals (SDGs) in its annual ESG report and ESG roadmap with targets for 2023 and 2030.

Stahl's key activities linked to the UN SDGs are as follows:

- SDG 1 No Poverty: In addition to local community philanthropy, Stahl is involved in sustainable development projects. As an example, a Public Private Partnership between Stahl and NGOs Solidaridad and PUM was launched in 2017, in Kanpur, India. The five-year project, which focuses on reducing water pollution, will have an impact on improving the lives of people living and working in the Kanpur leather cluster, which has been threatened by environmental pollution;
- SDG 3 Good Health and Well-being: Stahl has committed to initiatives that will eliminate restricted substances from the supply chain, like the Zero Discharge of Hazardous Chemicals foundation, of which the company is a member since 2016. In 2020, Stahl confirmed the highest (Level 3) compliance of 1,200 products from its portfolio with the ZDHC Gateway compliance standard for restricted substances;
- SDG 4 Quality Education: Stahl Campus® was established to promote good practices throughout the supply chain (see the section on Education & Training). Stahl also actively promotes the safe handling of chemicals and conducts seminars and webinars on ESG topics, targeting all stakeholders in the supply chain;
- SDG 5 Gender Equality: Stahl's Diversity and Inclusion policy was communicated in 2018. Long-term targets have since been established for gender balance and progress thereon is summarized in this report;
- SDG 6 Clean Water & Sanitation: The company has successfully introduced effluent-reducing technologies to the value chain, like Proviera® – Probiotics for Leather™, Stahl NEO, Stahl EVO and Stahl BeTan as well as water-reducing technologies like Easy White Tan®. The Public Private Partnerships launched in Kanpur, India, and Ethiopia are driven by a strong desire to reduce water pollution in the markets that the company serves;
- SDG 7 and 13 Affordable and Clean Energy and Climate Action: Stahl's 5-year goal of CO_2 emissions reduction by 2020 (in line with the 2015 Paris Climate Agreement) was achieved. This implies the adoption of renewable energy sources and raw materials, as well as energy efficient technologies at its sites. Beyond this, Stahl began to leverage the benefits of solar panels at its site in Brazil in 2020. This is part of the company's long term goal of sourcing from on-site renewable energy;
- SDG 8 Decent Work and Economic Growth: The Public Private Partnership (PPP) in Kanpur, India, is one example of Stahl's commitment to SDG 8. The (EU funded) PPP project for the Ethiopian leather industry is another. Both are focused on reducing pollution and directly linked to securing sustainable economic development;
- SDG 10 Reduced Inequalities: Stahl's Code of Conduct was set up in 2014 and the Stahl Diversity and Inclusion policy was set up in 2018. e-Training courses were conducted and completed by all employees in 2020 on diversity, and anti-corruption.

stahl

2020 REVENUE

€669m

VISION

To be a catalyst for positive change

MISSION

"If it can be imagined, it can be created."

VALUES

- Cooperation
- Responsibility
- Initiative
- Imagination

SHAREHOLDER GOVERNANCE

SHAREHOLDERS: WENDEL 67.5%, BASF 16.3%, CLARIANT 14.8% AND OTHER 1.4%

BOARD OF DIRECTORS:

9 members (Stahl, Wendel, BASF, independent members)

22% of independent

11% of women

OPERATIONAL GOVERNANCE

MANAGEMENT TEAM:

7 members

0 women

INTERNAL RESOURCES

HUMAN CAPITAL

~1,800 EMPLOYEES

75% men / 25% women

30% in technical activities

59 nationalities in 22 countries :

- 50% in Europe, Africa
- 21% in Pacific-Asia
- 14% in America
- 15% in India / Pakistan

INTELLECTUAL CAPITAL

18% OF R&D IS ESG DRIVEN

- 14,7 training hours per FTE on average
- >1,000 people from 131 organizations attended Stahl Campus modules in 2020
- 75 active patent families*

* including patent applications

PROCUREMENT

Stahl suppliers are:

- Large multinational chemical companies from 54 countries
- 89% (by volume) from very low, low or medium risk countries**

Number of suppliers:

Europe	33%
Asia & Oceania	33%
Middle East & Africa	3%
Americas	31%

** Based on Global Risk Profile ESG Index

USE OF RESOURCES

PRODUCTION

11 manufacturing sites

9 Centers of Excellence

37 Application laboratories

TRAINING

4 CAMPUS LOCATIONS

DISTRIBUTION

34 sales support offices

OUTPUT

PRODUCTS

- Leather Chemicals
- Coatings
- Polymers

MARKETS

Main sectors

- Automotive
- Footwear, Apparel & Accessories

Others

- Architectural & Interior Design
- Industrial Applications
- Leisure & Lifestyle
- Home Furnishing

KEY

- Key partners
- External resources
- Internal resources

EXECUTIVE CONTROL GROUP

32 members

4 women (12.5%)

R&D

11 research centers

~100 R&D and chemists

CERTIFICATIONS / MANAGEMENT SYSTEMS

92% of production volume come from sites certified ISO 14001 and 99,8% from ISO 9001

ESG roadmap

A 10-YEAR PLAN IS PRESENTED IN THE ESG ROADMAP. TARGETS ARE ESTABLISHED FOR 2023 AND 2030.

E ENVIRONMENT	S SOCIAL	G GOVERNANCE
TARGETS FOR 2023 AND 2030		
• Climate Change & Circularity • Water • Stahl products • Raw materials	• Health and safety • Human capital • Human Rights • Societal Commitment	• Ethical behavior • Diversity in leadership • CSR incentives • Supply chain
2020 PERFORMANCE		
• CO2 Target Achieved : -37% in 2020 versus 2015 • No coal used in Stahl manufacturing sites • 100% green electricity in European sites • 34% renewable energy (of total energy consumption) • 1,217 products certified for safe chemistry (ZDHC) • Renewable Carbon Initiative	• Severity Rate 0.003 • 14.7 training hours per employee • 91% of employees on permanent contract • Low absenteeism rate 1.87% • Swift COVID-19 adaption to remote/smart working program • 98.6% of employees completed compliance training assessment	• ESG roadmap agreed, with targets for 2023 and 2030 • 25% female, 75% male • Vigilance Team: quarterly meetings, 2 members from senior management • 67% of direct purchasing spend from EcoVadis assessed suppliers

Global Initiatives & NGOs

- United Nations (UN) Global Compact, Reporting on 17 UN SDGS
- UNIDO, Solidaridad
- International universities

Other sectorial initiatives:

- ZDHC, Bluesign, ChemIQ
- Leather Working Group
- Renewable Carbon
- TEWEGA

4.2.5.2 Materiality

Topics that matter

Stahl reports regularly on ESG in order to assess the precise progress made on its ESG activities and KPIs. To ensure that it reports on topics that are material for the company, Stahl uses a materiality analysis to give insight into the priorities of its stakeholders. Stahl's materiality analysis outcome is aligned to the risks presented in the Extra-Financial Performance Declaration (EFPD).

Materiality

Stahl's approach to reporting and materiality is based on recognized, internationally agreed guidelines, like the Global reporting Initiative (GRI). This approach also ensures that the full scope of activities are taken into account, from operations and supply chain to interactions with suppliers, customers, consumers, shareholders, government and NGOs.

Stahl material topics

ESG Pillar	Material Topics	Material Subtopics
Environmental topics	Climate change	Greenhouse gas emissions Energy
	Resource depletion	Materials Water Waste
	Innovation	
Social topics	Occupational health and safety	Stahl staff H&S Customers' staff H&S
	Training and education	
	Diversity and inclusion	
	Human rights	
	Local communities	
Governance topics	Regulation	
	Anti-corruption	
	Ethics	

4.2.5.3 Table overview of identified risks & mitigation policies in place

ESG Risk Mapping for Extra-Financial Performance Declaration (EFPD)

Stahl performs an annual review of its risk assessment and control policies in accordance with the requirements of the EFPD on environmental, social, human rights and corruption risks resulting from its activities. This review covers the risks linked to its employees, suppliers, and to its supply chain. Stahl has adopted due diligence policies covering health, safety, environment and human rights that mitigate the risks identified in this review.

Stahl's risk analysis is cross-checked with two types of organizations, used as reference sources:

- independent standards: MSCI (Morgan Stanley Capital International) and SASB (Sustainability Accounting Standards Board);
- companies comparable to Stahl in terms of sector of activity, operating in several countries, and reporting on their CSR risks and materiality method.

The 7 risks identified (as stated in the table below) with the highest gross risk level[1], as agreed and verified by the EFPD pre-audit, are presented below. The table presents a short summary of the risks and the policies implemented by Stahl to mitigate those risks identified. Key Performance Indicators (KPIs) to monitor the policies and results corresponding to these indicators for 2020 are also presented.

(1) *Gross risks are the risks for similar companies and activities (that impact both the company and the external stakeholders) in the same geographic area, without the effects of mitigation. Stahl explains how it manages and mitigates these risks in each chapter of this report. Note: Because of the nature its activities (leather chemicals, coatings and polymers), Stahl believes that some identified risks do not represent a critical extra-financial risk for Stahl and do not need to be developed further in this report. These less critical risks are: fight against food insecurity; respect of animal welfare; responsible, fair and sustainable food production.*

Area	Para-graph	CSR Risk	Risk Description	Matu-rity	Gross risk	Mitigation policies and actions	Resi-dual risk	Key performance indicators	2019	2020	2-year trend
HEALTH & SAFETY	4.2.5.7.2	(1) Occup-ational health and safety	Chemical industry: occupational health and safety risks, including: ▪ chemical contact or exposure to substances hazardous to health; ▪ risk of chronic (serious) illness linked to chemical exposure; ▪ slips, trips and falls; ▪ serious and fatal accidents.	Short term	High	SHE policy Training R20 (Road-To-Zero) Program Zero tolerance policy Stature platform HR policy support Covid-19 policies	Low	Reported accident frequency rate (TFTAD)	5.444	4.549	↘
								Lost Time Injury Frequency Rate (TF)	1.303	0.840	↘
								Severity rate of accidents (LTISR)	0.034	0.003	↘
								Fatal accidents	0	0	≥
ESG PERFOR-MANCE OF PRO-DUCTS	4.2.5.7	(2) Increasing demand and regulation for sustainable chemical products	Products not aligned with demand from brands, NGOs and consumers Customers polluting soil using Stahl chemicals Unavailability of chemical raw materials due to regulation related to environmental or human health.	Short term	Medium	Regulatory watch & product stewardship Industry governance and initiatives (like ZDHC) Chemical compliance initiatives by Stahl R&D	Low	ZDHC product compliance, highest level of compliance	1,274	1,217	→
								Share of ESG -focused R&D projects (% of total projects)	18%	18%	→
ENVIRON-MENT	4.2.5.7.1	(3) Lowering Greenhouse Gas (GHG) emissions that contribute to climate change	Stahl recognizes that reductions in global CO_2 emissions will be required in order to achieve the goals outlined in the Paris Climate Accord established in 2015	Long term	Medium	Reduce CO_2 emissions. Energy reduction Focus on energy self-sufficiency.	Low	Share of renewable energy	36%	34.4%	→
								Energy intensity (TJ consumed/ ton produced)	0.00184	0.00184	→
								CO_2 Emissions intensity - Scopes 1 & 2 (tCO_2 eq/ton produced)	0.1096	0.1098	→
										Achieved	
								CO_2 emissions – Scope 3 (millions of tCO_2 eq).	500-530	470-500	↘
		(4) Impact on water resources	Risk of insufficient water for the process and water supply cuts from local network	Long term	Medium	Water management	Low	Water intensity (m^3 consumed/ ton produced)	1.588	1.505	↘
		(5) Hazardous waste management	Risk of significant increases in hazardous waste generated at Stahl sites and inadequate management of their end-of-life	Medium term	Low	Waste reduction Circularity	Low	Waste water send to external treatment (tons)*	14,447	12,452	↘
								Waste intensity	0.062	0.062	→
								Provision for land pollution (M€).	0.64	0.64	→

Area	Para-graph	CSR Risk	Risk Description	Maturity	Gross risk	Mitigation policies and actions	Resi-dual risk	Key performance indicators	2019	2020	2-year trend
SOCIAL	4.2.5.7.2	(6) Attracting and retaining talent	Risk of losing qualified and talented employees from the company. Risk of not attracting qualified and talented employees to the company, especially Millennials and Gen Z workers	Short term	Medium	HR strategy, onboarding of new employees, gender parity policy Corporate communication strategy, social media (Instagram, LinkedIn), webinars and public communication New leaders in key positions Employee Engagement Platform (EEP) - Succession planning, performance monitoring and training	Low	Turnover rate	8.71%	6.01%	↘
								Turnover rate – resignations only.	4.24%	3.32%	↘
								Social dialogue - Instagram and LinkedIn subscribers	New	41,500	New
								Training hours per FTE	15.32	14.71	↘
		No KPI *These indicators do not relate to the main risks*						Absenteeism rate	1.76%	1.87%	↗
								Percentage of women in management positions (% of total management positions)	23.38%	24.32%	↗
GOVER-NANCE	4.2.5.7.3	(7) Corruption and bribery	Risk of corruption, bribery, modern slavery in Stahl's supply chain	Short term	Low	Code of Conduct. Due diligence questionnaire	Low	Percentage of employees trained on these subjects - Compliance training	Only new emplo-yees	98.55%	New
								Percentage of employees trained on these subjects - training sessions on company policies	90.4%	New emplo-yees	New
								Whistle blowing – Number of cases treated	100% (5 cases)	100% (1 case)	→
						External risk assessment and rating (EcoVadis)	Low	% of direct purchases made from suppliers assessed by EcoVadis	New	67%	New

Stahl also identified ESG macro-risks related to external trends:

- climate change;
- environmental impact assessment;
- chemical compliance;
- lifestyle choices.

Climate change adaption and prevention

Climate resilience and adaption

Climate resilience is the capacity to adapt to the direct and indirect impacts of climate change, including changes in regulation and policy. Stahl is proactively building climate resilience into the company strategy and operations. In order to achieve this, the company will:

- identify climate risks and estimate the vulnerability and magnitude of these risks on operations and facilities;
- identify solutions in order to mitigate the risks;
- implement measures to mitigate the risks;
- monitor, review progress on the measures;
- begin dialogue at the senior management team level to ensure that an approach addressing the risks and opportunities of climate change is embedded within company strategy and operations;
- communicate and advocate the company's climate resilience efforts.

Preventing climate change – Renewable feedstock

Building on its proactive approach to regulatory changes, and using its advanced materials science capabilities, Stahl aims to drive renewable feedstock solutions – an area where it can have significant impact. By enabling renewable feedstock solutions and decoupling growth from fossil-carbon-based resource consumption, the company believes that de-fossilization of the industry can be achieved.

Renewable Carbon describes resources that have not been extracted from the earth's surface (geosphere), like bio-based materials, carbon capture or recycled plastics. Stahl is one of the eleven founding core advisory members of the Renewable Carbon Initiative (RCI), launched in September 2020 under the leadership of the Nova-Institute (Germany). The aim of the initiative is to actively support the de-fossilization of the chemical industry. The eleven pioneer companies on the Core Advisory Board are Beiersdorf (Germany), Cosun Beet Company (Netherlands), Covestro (Germany), Henkel (Germany), LanzaTech (USA), Lenzing (Austria), Neste (Finland), SHV Energy (Netherlands), Stahl (Netherlands), Unilever (UK) and UPM (Finland).

Environmental impact assessment

Life Cycle Assessment (LCA) methodology measures the impact of a product on the environment, and expresses it in recognizable language (*e.g.* the impact on ozone depletion, toxicity, climate change and land use).

Stahl has defined quantitative targets for LCA results for its strategic products in its recently communicated ESG Roadmap. The LCA approach offers a generally accepted methodology and allows, in the long run, to reduce the environmental impact of a product.

Chemical compliance

18% of Stahl's basic chemical research projects are aimed at eliminating restricted substances from the supply chain (*e.g.:* ZDHC, Bluesign®, ChemIQ, Reach), VOCs and new raw materials to replace them. The company has set specific targets for the compliance of its portfolio with the ZDHC MRSL in the Stahl ESG Roadmap with targets for 2023 and 2030.

ZDHC commitment

Stahl made a commitment to the ZDHC (Zero Discharge of Hazardous Chemicals) foundation to eliminate the substances listed on its Manufacturing Restricted Substances List (MRSL). In 2011 a Group of major apparel and footwear brands and retailers made a shared commitment to help lead the clothing industry towards zero discharge of hazardous chemicals by 2020. Stahl became a Value Chain Affiliate in October 2016.

1,217 Stahl products achieved the highest level of ZDHC Gateway compliance in 2020. Level 3 certification – which includes product testing and on-site audits – underlines Stahl's commitment to using responsible chemistry to improve its environmental footprint and contribute to driving positive change in the industry.

Bluesign®

The bluesign® system is focused on replacing hazardous chemicals with safer alternatives in the manufacturing of textile and related products. Stahl became a bluesign® system partner in 2017 and has replaced products with alternatives that are compliant with the bluesign® substance list (BSSL). In 2020 Bluesign® conducted an audit on Stahl's global Product Stewardship system, verifying the renewal of Stahl's "bluesign® Partner" status.

Lifestyle Choices

Stahl respects consumer lifestyle choices with respect to veganism, leather, plastics and other materials used in consumer segments. While it actively supports industry initiatives to improve the environmental footprint of leather, synthetics and textile manufacturing, Stahl is also involved in the development of alternatives materials, like those made from agricultural waste. The company respects the choice of brands to develop alternative materials and has adopted a transparent approach to their benefits and drawbacks. Finally, Stahl believes it is well positioned to adapt to such lifestyle trends and at the same time Stahl is convinced that leather will continue to be a material of choice for consumers in the future, given its longevity and inherent sustainability characteristics.

4.2.5.4 Highlights 2020

2020 ESG highlights

- Health & Safety: Total Recordable Incidents (TRI) frequency rate showed improvement in 2020 *vs.* 2019 and Lost Time Incidents (LTI) frequency rate and severity rate were also lower in 2020 when compared to 2019.
- COVID-19 pandemic: Stahl responded to the pandemic-related lockdowns with swift action at all locations. Laboratories and factories remained open during the lockdown periods, and strict rules on distancing and mask-wearing were implemented. Staff who could work from home were encouraged to do so. The health and safety of Stahl employees remained a priority for the company during this time.
- ESG Communication: With travelling restricted for much of the year, the company realized an intense weekly program of interviews, presentations, webinars and social media events on topics of sustainable development and compliance. Helping its partners achieve their ESG goals in this way is inspiring Stahl to go further with its own ambitions.
- Economic Performance: the first half of 2020 was dominated by the impact of the COVID-19 pandemic on trading volumes, which was first felt in China, then in the rest of the world. By Q4, Stahl's business activity had resumed to 2019 levels over the same period.
- ESG Performance: Lower production volumes from March to August 2020 at Stahl's factories had an impact on environmental KPIs like $C0_2$, water, energy and waste, which were all significantly lower than 2019 in absolute terms. (see the KPIs later in this report). In particular, business travel CO_2 emissions were significantly reduced during the lockdown periods.
- ESG Performance: Stahl achieved Level 3 status in the ZDHC Gateway compliance module for 1,200 chemicals in its portfolio. This compliance will be extended in 2021 to include over 500 more products.
- ESG Performance: Stahl's research into non-fossil fuel technology reached new heights in 2020 with the release of renewable carbon-based product portfolios: Stahl NuVera® and Stahl Relca®Bio. A new renewable carbon range for leather, Stahl Ympact™ will be launched in 2021.
- Social: Stahl set up the new Employee Engagement Platform (EEP) in 2019, which is designed to encourage employee participation and to foster commitment to the company culture. In 2020 Stahl employees completed e-learning modules on corruption and bribery as part of this EEP.
- Social: In 2020 the Employee Engagement Platform also included the Annual Performance Review Appraisal, a formalized approach to annual appraisals which applies to all employees globally.
- Environment: Having achieved its 2020 target, new Greenhouse Gas emissions targets have been established for 2023 and 2030. The goal for 2030 is a 20% reduction in CO_2 emissions with a renewable energy investment at 6 manufacturing sites, and a 50% reduction in business travel emissions.

4.2.5.5 Resilience actions in the context of Covid-19

Stahl's inherent resilience was demonstrated in 2020 as it faced the headwinds from the pandemic lockdowns around the world. By focusing on caring for its employees while maintaining high service levels for its customers, the company was able to overcome the constraints posed by the pandemic and increase its robustness. A long-standing company culture and Stahl's natural pivot towards servicing its clients were both reflected in its resilience and performance.

The swift digitalization of the company was another feature of 2020, and was partly driven by the opportunities presented during the lockdown period and by the introduction of the "Four Pillar" strategy, as described later in this report.

4.2.5.6 Stahl governance

Stahl Board of Directors

The Board of Directors of Stahl, the Company's most important governance body, meets five times a year and may hold additional meetings to discuss any matters relevant to the company, including financial results. ESG is a standing item on the Board of Directors 'agenda. This Board has among its members representatives of its shareholders (Wendel, BASF), two independent members, as well as the Chief Executive Officer and the Chief Financial Officer of Stahl.

Stahl Management Team

The Stahl Management Team meets monthly and determines the implementation of company strategy, including ESG topics. In 2020, a new position of Chief Innovation Officer was added to the team. Stahl has agreed targets for gender balance in the Management Team, for 2023 and 2030. ESG is represented by Corporate Affairs in this management team:

Executive Control Group

A wider governance body, the Executive Control Group includes the Stahl Management team members, and site managers, regional general managers, executives from the strategic business units, Marketing, Human Resources, Communications, ESG, IT, Legal & Compliance, Finance and SHE. The Executive Control Group meets quarterly and reviews performance and decides on tactics for the upcoming business cycles. A formal update on all ESG activities is presented at these quarterly meetings.

Stahl has agreed targets for gender balance in the Executive Control Group team, for 2023 and 2030.

ESG governance

The ESG team formally meets every 2 weeks and continuously engages with finance, legal counsel, sales teams, product managers, researchers, product stewardship and operations staff to monitor the implementation of its strategy and to discuss progress on new initiatives related to ESG performance. The ESG team meets on a quarterly basis with the Wendel ESG team, to review progress on the ESG Roadmap targets.

The ESG team supports commercial activities initiated by customers that are related to sustainable development (*e.g.*: chemical compliance, innovation on renewable resources and environmental impact assessment) *via* conferences, webinars and Stahl Campus® training courses.

KPIs (key performance indicators) related to safety, health & environment are measured and reported monthly by regional operations staff at Stahl manufacturing sites around the world. Environmental KPIs (CO_2 emissions, energy, water and waste) are consolidated by the ESG team into a report which is sent to the Stahl Board each quarter.

4.2.5.7 The ESG Roadmap: Stahl as a catalyst for positive change

Stahl Strategy

Four Pillars

Stahl aims to embrace new technologies to create solutions that meet the demands of our changing world. In doing so, the company will continue to make a commitment to human rights, inclusion and diversity, and to the safety of its people.

Stahl has identified four areas of strategic importance: digital transformation, open innovation, renewable feedstocks, and sustainable development. The Group's new 4-pillar strategy will ensure that Stahl continues to deliver the innovative high-performance solutions and technologies to its partners in the value chain, attract and retain top talent throughout the company, and be an exciting, inclusive, environmentally and socially responsible place to work:

- digital transformation: Stahl has initiated a ten-year digital transformation strategy that encapsulates digital transformation. From unified communications, the internet of things and artificial intelligence to e-commerce and block chain, this transformation will change the way the company works with customers, supply chain, investors and its own employees;
- open innovation: Open innovation is the process of collaborating with external individuals, teams and organizations on the development of a project or to reach a shared goal. Open innovation offers the opportunity to innovate more efficiently and reduce environmental impact. Stahl will focus on areas where it can make a positive impact; renewable feedstocks, water quality, and advanced functional chemistry;
- renewable feedstock: The single biggest contribution the chemical industry can make to mitigating climate change is to replace fossil fuels raw materials. Switching to renewable feedstock means the elimination of non-renewable carbon resources (coal, oil and natural gas) as feedstocks for organic chemistry;
- sustainable development: The chemical industry has a fundamental role to play in delivering necessary solutions that enable sustainable development, meet new challenges through innovation, and safeguard the wellbeing of future generations. Chemicals are the building blocks of low-carbon, zero-pollution, energy and resource-efficient technologies, materials, and products. Stahl sees its responsibility to participate in sustainable development not only as a duty to society and the environment but as an opportunity to do well by by generating positive impacts.

Stahl's Sustainable Development practices are be marked by:

- targets for 2023 and 2030, as per the Stahl ESG roadmap,
- collaboration with parties throughout the value chain on topics like chemical compliance, natural resource consumption and fair and equitable labor practices,
- ensuring transparency and accountability *via* clear KPIs and targets,
- driving an employee culture that is open, engaged, diverse, and inclusive,
- working with its partners and suppliers to ensure rigorous product stewardship,
- integrating science-based targets, anchored in the Paris Agreement goals and the UN Global Compact principles,
- participating in industry working and advocacy groups to tackle key social and environmental issues, such as climate change and environmental pollution.

ESG Roadmap

Given Stahl's commitment to being a catalyst for positive change and its emphasis on tracking and assessing its ESG performance, the company has established a roadmap. The Stahl ESG roadmap is a list of commitments and targets, for 2023 and 2030, supported by Key Performance Indicators (KPIs). These targets are linked to the corresponding United Nations Sustainable Development Goal in each case.

2020 update: ESG performance of Stahl products

Stahl dedicates a significant portion of its chemical research activities on projects designed to improve the environmental footprint of its products, like eliminating unwanted substances, replacing fossil-fuel raw materials with renewables, or converting solvent-based products to water-based and solid alternatives. In 2020, 18% of Stahl's global R&D projects were focused on these topics.

As a direct result of years of research into safe chemistry and the elimination of potentially unwanted substances, Stahl achieved Level 3 status in the ZDHC Gateway compliance module for 1,217 chemicals in its portfolio. This compliance milestone will be extended to include 500 more products in 2021, well over the 80% target for its product portfolio in this segment.

Stahl's research into the replacement of fossil fuels in its chemicals enabled further success in 2020 with the release of two renewable carbon-based product portfolios in the coatings and polymers segments: Stahl NuVera® and Stahl Relca®Bio. A new leather chemicals portfolio, based on renewable feedstock technology, called Stahl Ympact™, will be launched in 2021.

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Increasing demand and regulation for sustainable chemical products	Products not aligned to the requirements of brands, NGOs & consumers Customers causing environmental contamination with Stahl's chemicals. Unavailability of chemical raw materials due to regulation related to the environment or human health	Regulatory watch & product stewardship Industry governance and initiatives (like ZDHC) Stahl's responsible chemistry policy ESG driven R&D projects	ZDHC compliant products (number of products in the ZDHC gateway), highest compliance level	1,217	1,274
			Share of ESG driven R&D projects (% total projects)	18%	18%

4.2.5.7.1 ESG performance: environment

Mitigating risks by lowering environmental footprint

A number of environmental gross risks were identified by Stahl as part of its EFPD risk assessment:

- Hazardous waste management;
- Impact on water resources;
- Greenhouse gas (GHG) emissions contributing to climate change.

Mitigating these risks begins with Stahl's global strategy: to be a positive catalyst in the value chain and promote greater transparency, leading to a progressively lower environmental footprint. This includes reducing the environmental impact of its own operations (including purchased raw materials) as well as that of the value chain into which it provides products and services.

Stahl's commitment is anchored by global initiatives like the 2015 Paris Climate Agreement (on reducing CO_2), the UN Global Compact (included in the Stahl Code of Conduct for Business Partners), the UN Sustainable Development Goals and the OECD (Organization for Economic Co-operation and Development). The company discloses information in its annual ESG report according to the Global reporting Initiative (GRI) guidelines.

Stahl is continuously upgrading its manufacturing sites and laboratory facilities in order to improve energy, waste and water efficiencies, and to continuously reduce its environmental footprint. To monitor the effectiveness of these mitigation activities, the company reports on the following KPIs each quarter and annually:

- CO_2 emissions;
- Energy consumption;
- Water consumption;
- Waste generation.

Carbon Dioxide (CO_2) emissions

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Lowering Greenhouse Gas (GHG) emissions that contribute to climate change	Stahl recognizes that reductions in global CO_2 emissions will be required in order to achieve the goals outlined in the Paris Climate Agreement established in 2015	Reduce CO_2 emissions: internal target Energy reduction Green energy sourcing Focus on energy self- sufficiency (technology investments)	Share of renewable energy	34%	36%
			Energy intensity (TJ consumed/ton produced)	0.00184	0.00184
			CO_2 intensity Scopes 1 & 2 (tCO_2 eq/ton produced)	0.1098	0.1096

CO2 emissions reduced by 37% *vs.* 2015

In 2015, Stahl set itself a 5-year goal of reducing its CO_2 emissions (scope 1 and 2) as per the Paris Climate Agreement within the United Nations Framework Convention on Climate Change (UNFCCC). At the end of 2020 the company has achieved a 34% reduction in emissions intensity per metric tons produced, and a 37% reduction in absolute numbers (absolute CO_2 emissions). The improvement in CO_2 emissions was driven by sourcing green energy at its European sites, investment in solar energy and by technology investments in long-term efficiencies at its manufacturing sites.

In 2019, solar panels were installed at the Stahl manufacturing site in Portao, Brasil. This solar energy investment resulted in a significant drop in CO_2 emissions for the site in 2020, and already represents half of the site's energy requirement. The company has set a target of 3 sites (out of 11 total) using on-site renewable sources (minimum 20% of total energy) by 2023, and 6 by 2030.

The tables below show the different sources of Stahl's CO_2 emissions, calculated as per the Green House Gas (GHG) protocol.

Details of direct and indirect CO_2 emissions

Scope 1 (direct)	Scope 2 (indirect)	Scope 3 (indirect)
Fuel combustion	Purchased electricity,	Purchased goods and services (including packaging)
Company vehicles	heat and steam.	Capital goods
		Waste
		Use of sold products
		Transportation and distribution (up- and downstream)
		End of life treatment of sold products
		Leased assets and franchises

CO_2 emissions Scope 1 (direct) and Scope 2 (indirect)

	2020	2019
Scope 1: direct GHG emission (metric tons CO_2 eq.)	13,858	16,091*
Scope 2: electricity indirect emission sources (metric tons CO_2 eq.)	6,064	6,716*
CO_2 emission scope 1+2 (in metric tons)	19,922	22,807
Total production volume (in metric tons)	181,453	208,114
CO_2 intensity**	0.1098	0.1096

* *2019 data was restated to account for a reporting unit error.*
** *Intensity is related to production volumes (CO_2/production volume).*

CO_2 emissions – scope 3 (indirect)

Stahl calculates and reports on indirect (scope 3) emissions since 2016. Scope 3 emissions are all indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. In 2017 Stahl made its first assessment of scope 3 emissions (on 2016 data) as per the GHG Protocol Corporate Value Chain Accounting and Reporting Standard. This assessment was set up to understand the full value chain impact of its activities and will help to focus efforts on significant sources of Greenhouse Gas (GHG) emissions. Stahl updates the material categories and their estimated CO_2 emissions periodically, based on, for example, environmental impact data (using LCA methodology) forthcoming from suppliers of its key raw materials.

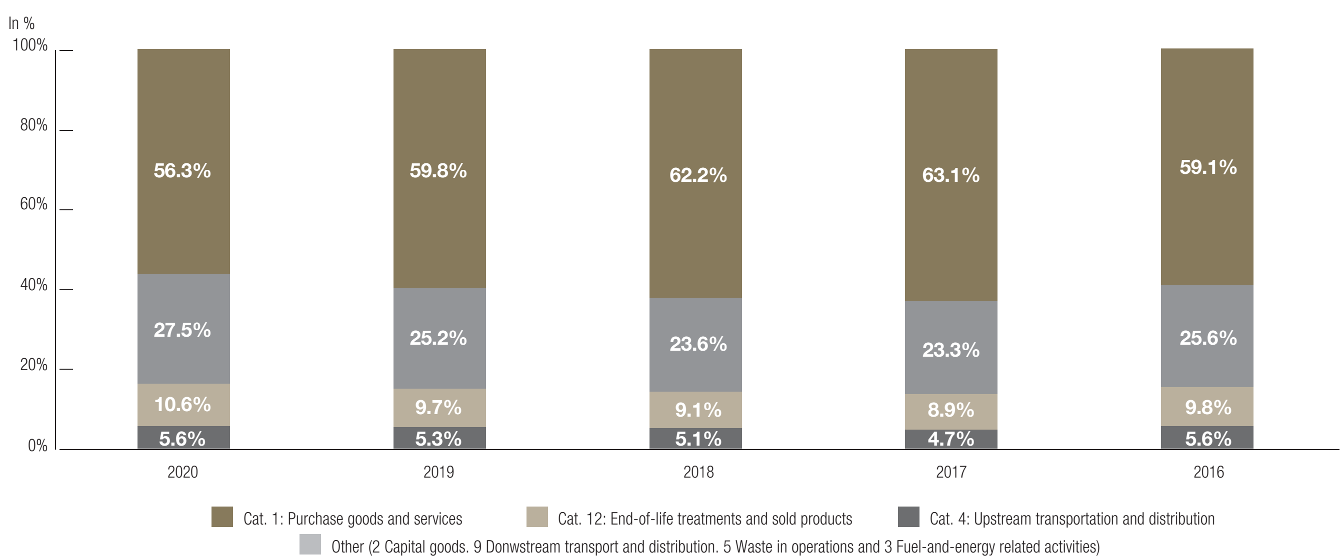
Scope 3 CO_2 emissions

	2020	2019
Scope 3: estimation of the other indirect emission sources (million $TCO_{2-}eq$)	470-500	500-530

Scope 3 CO_2 emissions per category

	2020	2019
Cat 1: Purchased goods and services	56%	60%
Cat 12: End-of-life treatment of sold products	27%	25%
Cat 4: Upstream transportation and distribution	11%	10%
Other *(e.g.* capital goods, downstream transport and distribution)	6%	5%

Scope 3 GHG emissions



Purchased goods and services (56% in 2020) and 'end-of-life treatment of sold products' (27% in 2020) remain the largest sources of indirect (scope 3) CO_2 emissions for Stahl. Both categories are related to the input and output of materials in the production process. Measures to reduce these emissions are:

- selecting chemical raw materials with a lower CO_2 footprint;
- increasing the renewable carbon content of the materials that are being used;
- increasing the longevity of end products that could reduce lifecycle CO_2-emissions of end products.

The transportation of purchased goods is the third largest source of scope 3 emissions. Transportation of goods (Cat. 4) accounts for 11% of Stahl's scope 3 emissions. Based on the assumptions in the calculation of transport emissions, the major part of these emissions is air and road transport. Reducing these emissions could be achieved by:

- choosing a different mode of transportation. Road transport emits 10 times more CO_2 emissions than marine transport. Air freight emits 100 times more emissions than marine;
- promoting transportation with cleaner vehicles and limiting the transportation of small quantities of goods. Stahl has consolidated its distributor network significantly, meaning larger shipments to a smaller number of destination.

Energy consumption: switching to renewable energy

Stahl's energy consumption is the sum of electricity, gas, oil, steam, renewable briquettes and high speed diesel, consumed at its manufacturing sites. Energy is reported as the total energy consumed in TJ and per production volume: the energy intensity. Stahl has established a goal for self-generated energy at its manufacturing sites, as per the Stahl ESG Roadmap.

In 2020, absolute energy consumption was below the 2019 level because of lower volumes, in particular in Q2 during the first pandemic lockdowns. Energy consumption per metric tons produced (intensity) in 2020 is stable and comparable to 2019.

Energy consumption

	2020	2019
Energy (TJ)	334	382
Share of renewable energy	34%	36%
Total production volume	181,453	208,114
Energy intensity (TJ)*	**0.00184**	**0.00184**

* *Intensity is related to production volumes (energy consumption/production volume).*

Water

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Impact on water resources	Risk of insufficient water for the process and water supply cuts from local network	Water management	Water intensity (m^3 consumed/ton produced)	1.505	1.588

Water consumption

Stahl dedicates significant resources to researching the reduction of water use, the introduction of water-based products, improving the quality of water effluents and reducing water pollution in the value chain. Stahl's water consumption is linked to:

- commercial products using water-based technology (where water replaces petrochemical-based vehicles as a solvent);
- manufacturing sites (cleaning tanks, pipes and for processing, heating & cooling), laboratories and offices.

Stahl uses water from municipalities (public water) and ground water. Stahl consumed less water in 2020 because of lower production volumes. Water consumed per metric tons produced (intensity) was also lower in 2020 *vs.* 2019.

Total Water consumption

	2020	2019
Water consumption (m^3)	273,045	330,649
Total production volume (metric tons)	181,453	208,114
Water intensity*	**1.505**	**1.588**

* *Intensity is related to production volumes (water consumption/production volume).*

Water use at the Palazzolo site (Italy)

To help the community maintain a low level of groundwater, the (cooling) water at the manufacturing site in Italy (Palazzolo) is temporarily taken *(i.e.* not consumed) from a ground well, completely separated from production and is discharged into the adjacent river (Seveso). This specific use of water is approved by and follows the strict guidelines set by local authorities.

	2020	2019
Other water use (m^3)	373,958	460,097

Waste

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Hazardous waste management	Risk of significant increases in hazardous waste generated at Stahl sites and inadequate management of their end-of-life	Waste reduction	Wastewater sent to external treatment (ton)	12,452	14,397
		Waste management strategies	Waste intensity	0.062	0.062

Stahl policy is to reduce the impact of its operations and products on the environment by preventing pollution through waste management strategies that promote waste minimization, re-use, recovery and recycling, as appropriate. Avoiding waste generation and finding useful outlets for it when possible are an important part of this policy.

Stahl reports its hazardous waste and non-hazardous waste generation. Hazardous waste originates from products, raw materials, process installations *(e.g.* sludge from wastewater treatment), laboratories and used packaging. Non-hazardous waste includes glass, paper, wood, plastic, domestic and demolition waste.

	2020	2019
Hazardous waste (metric tons)	9,920	11,302
Non-hazardous waste (metric tons)	1,397	1,521
Total waste (metric tons)	11,317	12,824
Total production volume (metric tons)	181,453	208,114
Waste (total) intensity*	**0.062**	**0.062**

* *Intensity is related to production volumes (total waste consumption/production volume).*

Wastewater

Most of Stahl's manufacturing sites have on-site wastewater treatment installations. In the cases where there is no on-site installation, wastewater is collected by a 3rd party and reported as hazardous waste. This quantity was reduced in 2020 because of reduced output *vs.* 2019.

	2020	2019
Wastewater sent to external treatment (metric tons)*	12.452	14.447

* *Waalwijk (Netherlands), Calhoun (USA) and Toluca (Mexico).*

Environmental provisions

Stahl's environmental provision for land pollution in 2020 was €0.64 million.

4.2.5.7.2 ESG performance: social

Human Resources (HR) – Enhancing company attractiveness, maximizing employee engagement

Attractiveness & talent retention

Risk	Risk Description	Mitigation policies and actions	KPIs	2020	2019
Attractiveness & talent retention	Risk of losing qualified and talented employees from the company Risk of not attracting qualified and talented employees to the company	HR Strategy Succession Planning – new leaders in key positions Employee Engagement Platform (EEP), performance review & training Stahl values and DNA, shared with employees	Turnover rate	6.01%	8.71%
			Voluntary staff turnover rate – resignations only	3.32%	4.24%
			Training hours per employee (FTE)	14.71	15.32

Human Resources at Stahl

The coronavirus pandemic has disrupted organizations and forced Human Resources departments to think differently about their role and act according to new fundamentals in order to ensure an effective business continuity.

In the context of the pandemic, Stahl created a COVID-19 task force, implemented specific policies and switched to a remote work model, reducing drastically the time spent at premises, except for people engaged in production and logistics activities. Stahl has been able to reduce risks, protect employees' health and continue to serve customers.

In spite of the difficult circumstances and with a daily focus on adjusting fixed costs and production arrangements to provide the level of the volumes required, the Stahl HR team has been able to complete its four-year plan according to the HR strategy defined.

The main purpose of the HR team is to offer to Stahl employees a great experience at Stahl, improving the employee engagement with concrete actions based on a defined HR strategy:

- further develop and establish Stahl's culture and Stahl DNA;
- hire and develop people in line with current and future business goals;
- create an open, transparent and fair management style;
- transfer information and knowledge within the company;
- focus on engagement, diversity management and equal opportunity;
- have a truly international team.

In 2020 Stahl's HR focus has been on:

- hiring and developing people in line with current and future business goals;
- transferring knowledge and information within the company;
- focusing on engagement.

New leaders in key positions

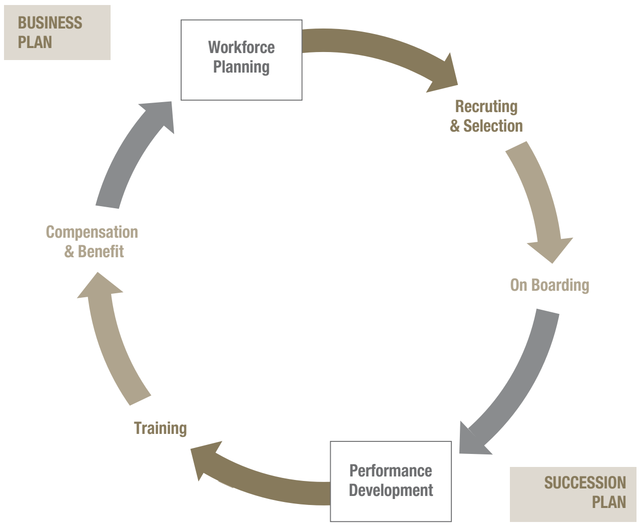
Succession planning is an important process at Stahl. Several actions have been completed in order to ensure business continuity and company leadership, while maintaining the Stahl culture and values as pillars.

This has also allowed for changes to be made to the current organization in order to meet the future business strategy requirements and to streamline the organization al structure.

In particular, the company has developed a new Open Innovation strategy that facilitates work with academic and research institutes, valued partners, NGOs and inter-governmental organizations, as well as with start-ups and scale-ups to foster innovation and creative problem solving across the four key areas of biotech, water quality, digital transformation and advanced functional chemistry. Stahl appointed a CINO (Chief Innovation Officer) whose main responsibility is to bring together all possible channels of innovation and build them into a more comprehensive strategy, where more speed and greater depth are paramount objectives.

Performance development

Stahl also launched a new performance development process. Its purpose is to identify rough diamonds, pillars and the Group's driving forces, foster the definition of individualized personal development paths and refill the succession plan pipeline.



Transferring knowledge and information within the company - towards a global HR approach with a one-stop shop for employees

In order to enable further growth, and to limit the administrative burden, a streamlining of the HR processes was necessary. The strategy was to move from a local towards a global approach taking into account best practices. The first step of creating a single HR team with one common goal and global HR processes was completed in recent years, together with the definition of the overall HR people management framework. In 2020 the technology aspect has been the HR team's priority: to move from HR software for the HR department, to software for the entire company.

A central space was set up, accessible on the intranet, where HR can manage the HR processes and where employees can find all necessary corporate information. This "employee corner" allows direct access to the Human Resources Information System and many available e-learning courses. It is a one-stop shop.

Focusing on engagement and flexible working

As input for Stahl's new journey around the concept of the employee experience, the evolution of HR practices and the creation of a new long-term program, an Employee Engagement survey will be launched in the first quarter of 2021. In order to keep people motivated, engaged and committed and to retain and attract talents, several initiatives have been defined.

Among the initiatives deployed, flexible working is a working arrangement that gives some flexibility on how long, where, when and at what times employees work.

The flexibility can be linked to:

- working time (part-time, flexible entrance time);
- working location (such as working from home);
- the pattern of working (for example, job sharing).

Even if Stahl is already recognized as a company open to flexible working solutions, because of a company culture more focused on performance results and trust with measurable goals and clear expectations than strict control and procedures, the pandemic has accelerated the extending of best practices.

In particular, the company adopted a global smart working policy, applicable at Group level, to:

- lower office running costs and overheads such as office space and utility costs;
- reduce travel-related problems due to traffic jams and public transport disruptions;
- allow a wider choice of candidates for recruitment: in fact, in this way, Stahl can choose candidates from anywhere in the country and across the world.

Financially solid employer with long term perspective

The pandemic emergency is not just a global crisis. It also brings about a multitude of local and specific problems, impacting people in many different ways. Employees have been forced to deal with different ways of working, adopting a changing work life integration and taking care of the health of family members.

Stahl, as a financially solid employer, supported its staff in several ways: through payment of salaries when government benefits were capped for employees affected by the short time procedures and by rewarding the special efforts and strong commitment made during the pandemic by a recognition payment to all employees.

Employment

The total number of employees (headcount) at the end of 2020 was 1,790, a decrease of 57 employees compared to the end of 2019. The reduction is mainly linked to the completion of the complexity reduction and value improvement project implemented in the Leather organization, affecting mainly India, Pakistan and China.

The breakdown of FTE's (full-time equivalent) as of December 31, 2020 and the change compared to the prior year-end per region is as follows:

Region	12/31/2020	12/31/2019	Change
EMEA	888.8	901.6	(12.8)
Asia-Pacific	367.0	384.0	(17.0)
India and Pakistan	256.0	274.0	(18.0)
North and South America	258.7	267.0	(8.3)
TOTAL	**1,770.5**	**1,826.6**	**(56.1)**

Employee workforce statistics for 2020 at a glance

Permanent contracts	91.45% of Stahl's employees
Workforce gender balance	75% male, 25% female
Total number of employees (HC)	1,790 (*vs.* 1,847 in 2019)
Departures (dismissals, resignations, etc.)	148.1
Hires	90.2
Turnover rate	6.01% (*vs.* 8.71% in 2019)
Voluntary staff turnover rate	3.32% (*vs.* 4.24% in 2019)
Absenteeism rate	1.87% (*vs.* 1.76% in 2019)
Training hours (per FTE)	14.71hours (*vs.* 15.32hours in 2019)

Working Organization

Stahl operates a complex international organization in order to effectively serve its diverse customer base. Stahl has 11 manufacturing sites, 11 R&D labs, 37 application labs, 35 sales offices and 9 Centers of Excellence. Working practices differ by region. Most Stahl units have a 5 day working week, with the exception of employees in India and Pakistan, who also work on Saturday mornings. 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 and work accidents) as required by local legislation and in a way that can be reported at the corporate level. The global absenteeism rate in 2020 was 1.87%, *versus* 1.76% in 2019.

Labor relations

Given the international nature of Stahl and the relatively small dimension of the local units, there are 4 collective agreements in place. Salary levels and other means of remuneration depend on the individual countries. They are centrally coordinated, to ensure Stahl remains competitive in the respective markets. Some employees in the Company, mainly in management and sales, benefit from a bonus scheme based on annual quantitative objectives. This bonus scheme is coordinated centrally to ensure proper alignment and consistence with local practices.

Compensation

Total compensation, excluding bonuses, paid in 2020 was €104 million, 8.94% below 2019.

Training and education

The HR team is committed to offering training opportunities to improve employee skills.

Considering the Coronavirus constraints, all face-to-face training was canceled but the e-learning catalogue for courses on offer was significantly increased, including training on compliance subjects and the further development of soft skills, but also cyber security training, remote people management and remote working.

The COVID-19 pandemic caused an unprecedented situation, which affected people and companies worldwide. Disruption of normal life was evident and had the potential to cause psychological impact. Considering this, and with the aim of caring for the mental health and good spirit of every employee, Stahl organized De-COVIDise Yourself sessions to share experiences and acquire tools to understand, manage and overcome the struggles brought on by the pandemic.

Training hours

The indicator of total hours of training is tracked locally by each Stahl unit and it is consolidated at Group level. The number of training hours received per employee in 2020 was 14.71 hours per full-time equivalent (FTE) compared to 15.32 hours per FTE in 2019.

Equality, diversity & inclusion

Stahl's Diversity and Inclusion Policy, published on www.stahl.com, expresses the company's commitment to embedding equality, diversity and inclusion across the organization. Equal treatment is at the heart of the organization and Stahl believes this will produce a more innovative and responsive organization. Stahl also believes that there is much more to diversity than age, gender, race and cultural background. A diverse workplace includes people who can offer a range of different viewpoints and ideas.

Consistent with its strategy of growing its leadership talent, diversity and Inclusion principles are also embedded within its core leadership development programs to encourage managers to demonstrate them as part of their leadership behavior. Stahl also builds cultural intelligence and equality into its performance review, hiring and talent identification processes.

Stahl tracks the ratio of male/female employees and the number of female employees in supervisory positions (employees with direct reports and/or holding a management position). In 2020 there were 90 females in supervisory positions, which is 24.32% of total supervisory positions.

The need to respect strict security and emergency measures may limit the opportunity to employ a high number of disabled employees. Currently there are 11 disabled employees *(versus* 13 in 2019).

Whistleblower policy and mechanism (for internal and external stakeholders)

"Whistleblowing" means that one can confidentially report (a suspicion of) behavior that is in conflict with the Code of Conduct of Stahl. Such behavior includes – but is not limited to – criminal or unethical acts. In its policy document, "Stahl Parent B.V. Whistleblower rules", Stahl explains the importance and mechanism of its whistle blower policy. These whistleblower rules are rules related to (proven or suspected) irregularities applicable to employees of Stahl Parent B.V. as well as to its affiliated companies and to anyone outside the company. These rules are available for all employees on the employee corner of the internal HR platform.

Stahl employees are encouraged to report the suspicion of irregularities and the Board of Directors of Stahl considers it important that employees adequately and safely report (suspicions of) irregularities at Stahl. The Board of Directors of Stahl explicitly confirms that the position of Stahl employees who have in good faith reported a (suspected) irregularity in accordance with the whistleblower rules of Stahl shall not be affected in any way as a result of making the report.

Stahl's whistleblower policy is available on the website. An e-mail address (whistleblower@stahl.com) is also communicated on the website for those outside the company.

Safety & Health – addressing occupational safety risks

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Occupational health and safety	Chemical industry: Risks related to occupational health and safety, including: ▪ chemical contact or exposure to hazardous substances for health; ▪ risk of chronic (serious) illness linked to chemical exposure; ▪ slip, trip and fall; ▪ fatal and serious incidents.	SHE policy Training R20 (Road-To-Zero) Program Zero Tolerance Policy Stature platform Support for HR policies COVID-19 Policies	TRI Frequency rate	4.549	5.444
			LTI Frequency rate (accidents with lost work time)	0.840	1.303
			Severity rate of accidents	0.003	0.034
			Fatal accidents	0	0

The risk of accidents and illnesses related occupational safety have been identified by Stahl as a gross risk. All its activities, policies and training are aimed at creating a true safety culture and mitigating the following risks:

- chemical contact or exposure to hazardous substances;
- risk of chronic (serious) illness linked to chemical exposure;
- slips, trips and falls;
- accidents with irreversible consequences.

Stahl believes that the protection of the health and safety of people and the preservation of the environment will always be its highest priority and that this mindset (and policy) is rooted in the employee culture. Stahl's focus with respect to SHE & Process safety management is on enforcing knowledge and responsibility in decision making. A Behavioral Safety Program was rolled out in 2019 and 2020 called R20 (Road-To-Zero). This campaign emphasizes that:

- a safety culture is not achieved by the big efforts of a small group, rather by the smaller efforts of a large group;
- a true safety culture defines an attitude to life, at the workplace and at home;
- the consequences of injuries in the workplace affect people's lives at home.

To underline the strategic and critical importance of a common behavior on safety, a Zero Tolerance safety policy was established. The policy was reviewed in 2020 and brought to a higher level of maturity.

Health & Safety principles

The key principles of Stahl's Safety and Health policy are:

- a strong safety culture involving the whole organization;
- safety, health and environment as the top priority;
- safety is more important than a short-term result;
- implementing best industrial practices in addition to compliance to all legal requirements;
- knowledge as the basis of all decisions. Stahl will require that employees are trained in the skills necessary to carry out their duties and make decisions ensuring safety.

Safety culture pillars

Stahl's safety culture is based on 4 pillars: Processes, Assets, Operations, Behavior.

Safety ultimately relies on human factors, given that any facility, building, equipment or process is conceived, designed, built, installed, operated, maintained and finally dismantled by humans. The responsibility for decisions and actions taken along that life cycle therefore lie with the decision makers or their successors.

SHE governance: everyone is responsible for safety

Each Stahl site has a dedicated SHE Manager responsible for ensuring that the organization is pursuing best practices. Being a SHE manager does not mean responsibility for SHE: the responsibility is distributed throughout the organization and there is no job or position without a degree responsibility for SHE. The SHE Manager reports to the Local Manager and has the direct support of the Global SHE&PS Manager.

Reporting criteria

Global safety performance and related KPIs are reported and monitored monthly and annually. The Company tracks progress on safety indicators and reports different categories of injuries and incidents including lost time injury (LTI), first aid, medical treatment and irreversible injuries. Each month it reports injuries, incidents, audits, training, engineering projects and other prevention methods both internally and externally. The safety reporting procedure is defined by Stahl policy on SHE&PS, in which KPIs, criteria and reporting tools are defined.

In 2020 Stahl implemented new criteria, shifting from incidence rates to frequency rates in injury KPIs. This alignment was based on recommendations from the 2019 audit. Commuting accidents are now excluded from injury KPIs due to the nature of the commuting activity, and to ensure that KPIs are representative of operational and work safety at the Stahl managed sites.

A systematic reporting system was put in place in order to analyze key factors on reported events and allow management to identify trends and take decisions based upon objective criteria. Historical data was reviewed and introduced in this system so that trends and KPIs could be traced back to 2012.

The Stahl Hazard Identification and risk assessment methodology (Shiram) was rolled out worldwide in 2020 and became Stahl's standard methodology for risk assessment. This methodology has been designed to fit Stahl's operations and processes, and to integrate best practices for risk assessment and management.

Stature platform

The Shiram methodology is implemented in the Stature platform, an internet based service from Sphera where studies are performed and made available, facilitating information sharing among sites and similar facilities. This platform will be further developed in the coming years to host new templates and provide a broader service, within the digitalization landscape of Stahl.

New methodologies and tools were implemented in 2020, to track the compliance of operations. The Zero Tolerance Policy was also reviewed, and included Life Saving Rules and Very Important Safety Rules to clearly define the red line that should not be ignored or crossed when it comes to safety.

New directives were successfully issued in 2020 and were used during audits and inspections from authorities. With this in mind, new tools have also been developed to provide a communication and common working platform in SHE & Process Safety.

Response to COVID-19

Since the onset of the pandemic, in China, in January 2020, a crisis team has been tracking and measuring the situation around the Stahl world. Weekly meetings with the Corona Operations Team (COT) were established and updates were reported to management at the end of each week.

Stahl's response strategy was continuously adjusted to align with the progression of the pandemic, and to comply with local health authority guidelines. Stahl also implemented some specific prevention practices at sites.

The COVID-19 situation is still being tracked, updated and communicated by the Global SHE & Process Safety team.

4.2.5.7.3 ESG performance: governance

Human rights, modern slavery, corruption, bribery risks

CSR risk	Description	Mitigation policies and actions	KPIs	2020	2019
Corruption and bribery	Risk of corruption, bribery, modern slavery in Stahl's supply chain	Code of Conduct Due diligence questionnaire External risk assessment and rating (EcoVadis)	Share of employees trained on these subjects - Compliance training	98.55%	only new employees
	Risk of corruption, bribery, modern slavery in Stahl's own operations		Share of employees trained on these subjects - Corporate policies course	new employees	90.4%
			Whistleblowing – Number of cases treated	100% (1 case)	100% (5 cases)
			% of direct purchasing spend represented by EcoVadis assessed suppliers	67%	new

Stahl has identified corruption, bribery and modern slavery as a CSR risk in Stahl's operations and supply chains Stahl's Code of Conduct ensures that human rights and the environment are respected by those parties with whom Stahl 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 whistle blower in question.

Stahl continues to implement e-learning training programs on anti-bribery, anti-corruption and modern slavery with attention given to awareness and red flags that can indicate non-compliant behavior in the company or in the supply chain. Mandatory training on Stahl's compliance policy takes place continuously *via* the Employee Engagement Platform (EEP).

Stahl's Business Partner Code of Conduct is agreed and signed annually with commercial business partners, like suppliers and distributors and agents. In 2020, Stahl published accounting procedures for anti-corruption for all Stahl locations around the world. This document covers best practices to be adopted for prevention and detection of corruption with regard to finance and payments.

Compliance with the Sapin II Law

The Stahl Group is committed to ensuring that the activities of the Stahl Group and its employees are conducted in accordance the French "Sapin 2" Law.

The measures implemented by Stahl are:

1. Code of Conduct: Stahl Employees and relevant Business Partners need to sign the Stahl Code of Conduct, which includes specific anti-corruption rules;
2. Internal whistleblowing system: Stahl has a whistleblower policy which allows employees to report suspicious behavior that could conflict with the Stahl Code of Conduct, while offering the necessary guaranteed protection to the person in question. Reports can be filed through the publicly available whistleblower@stahl.com e-mail address;
3. Corruption Risk mapping: Each year, Stahl performs a corruption risk mapping exercise, performed through interviews with the management of Stahl by the Stahl Group Tax & Legal manager;
4. Third party due diligence procedures: Stahl performs a business partner due diligence with regard to the relevant business partners, through a risk based approached. This enables Stahl to detect possible "Red flags";
5. Internal or external accounting control procedures: Stahl has several accounting procedures, including a specific accounting procedure on anti-corruption;
6. Training program: Stahl employees need to follow mandatory annual anti-corruption e-learning training;
7. A disciplinary procedure: Stahl has disciplinary rules, which can be invoked if Stahl employees do not comply with the applicable laws, regulations and Stahl compliance policies;
8. An internal monitoring and assessment system: Stahl implemented an internal monitoring and assessment system.

Ethical procurement

- Stahl selects the best possible suppliers using commercial criteria (quality, price, availability, volume, etc.) while bearing in mind demonstrated alignment to ESG principles. These principles include Code of Conduct compliance, Due Diligence questionnaire completion, the EcoVadis principles and rating, geographical risk, type of raw material & provenance.
- In 2020 Stahl continued to conduct due diligence on the Code of Conduct by auditing selected suppliers on its implementation. The scope of Stahl's supplier due diligence was extended in 2020 by the EcoVadis CSR ratings system, which is already used widely in the industry.
- Stahl applies a Business Partner Due Diligence Procedure through a risk-based approach to its new and existing business partners, such as distributors, agents, suppliers and consultants. With the Due Diligence Procedure, the compliance-relevant behavior and the integrity of the (potential) business partner of Stahl is monitored, and this procedure will assist Stahl's employees in establishing and maintaining a commercial relationship with reliable and ethical business partners.

EcoVadis supplier ratings system

Through EcoVadis membership and their CSR ratings platform, Stahl collects valuable insight into the performance and risks of its suppliers in 4 areas:

- environment;
- labor & Human rights;
- ethics; and
- sustainable procurement.

EcoVadis provides a holistic sustainability ratings service for companies, delivered *via* a global cloud-based SaaS platform. Each company is rated on the material issues as they pertain to their company's size, location and industry. These evidence-based assessments are refined into easy-to-read scorecards, providing zero to one hundred (0-100) scores, and medals (bronze, silver, gold), when applicable.

Additionally, the scorecards provide guidance on strengths and improvement areas, which the rated companies may use to focus their sustainability efforts and develop corrective action plans to improve their sustainability performance.

Stahl has established EcoVadis ratings targets for its suppliers. These targets are part of the ESG Roadmap for 2023 and 2030 and progress is monitored continuously. By the end of 2020, Stahl's EcoVadis-rated suppliers represented 67% of the company's direct purchasing spend on raw materials.

Stahl itself was evaluated in 2020 and awarded a silver medal by EcoVadis. The company is ranked among the top 10% of peers that have a confirmed CSR engagement, and in the top 1% of companies on sustainable procurement.

Industry governance

- The company is proactively involved in many industry ESG advocacy groups, like the Renewable Carbon Initiative, which Stahl joined in 2020 as a founding core Advisory Board member. The goal of the RCI initiative is to create awareness around renewable feedstocks and de-fossilization in the chemical industry.
- Stahl is on the Executive Committee of the Leather Working Group (LWG), a multi-stakeholder association with a mission to raise the bar of environmental stewardship through its audit protocol. The LWG Executive Committee consists of four clothing/footwear brands (currently Inditex, VF Corporation, LVMH and Adidas), four leather manufacturers and one chemical supplier (Stahl).
- Stahl is an active value chain affiliate of the Zero Discharge of Hazardous Chemicals (ZDHC) foundation, one of the most influential non-profit groups in the textile and leather supply chains.
- Stahl was reconfirmed as a bluesign® system partner in Q4, 2020.

Sustainable development

- The five-year Public Private Partnership (PPP) between Stahl, Solidaridad, and PUM, launched in 2017, in Kanpur, India (see SDGs), continued in 2020, albeit on hold for much of the year due to lockdowns in India. 2021 is the final year of the project, after which a summary report will be issued about the work implemented.
- The PPP in Ethiopia, with several partners and NGOs, was put on hold for much of 2020 due to the lockdowns. The project is focused on pollution reduction in the tanning sector. Stahl's contribution to this project is training and implementation of cleaner technologies, including Stahl Campus® training on relevant modules.
- The project initiated in Bangladesh by three key members of the Tegewa Group of chemical suppliers (Stahl being one of them) and the Dutch NGO Solidaridad officially kicked off in Q1 2020. The project is focused on practical ways to improve the safe handling of chemicals in the leather manufacturing cluster of Savar, in Dhaka, and on the well-being of factory workers in the cluster. A detailed training campaign began on the ground in 2020, albeit temporary halted by the pandemic restrictions.

External education and training (Stahl Campus®)

Stahl is committed to filling the talent gap observed in some of the markets that the company serves by actively seeking ways to educate and train university students, NGOs, brands, suppliers, distributors, customers and other stakeholders in the supply chain. Stahl Campus® is the global knowledge center established by Stahl to achieve this. It started in 2014 in Waalwijk (Netherlands) and was then extended to León (Mexico) in 2015, Guangzhou (China) in 2016, and Kanpur (India) in 2019. The goal of Stahl Campus® is to promote good practices and transparency throughout the supply chain by hosting trainees in Stahl's state-of-the-art laboratories to strengthen their knowledge of chemistry and materials science *via* theoretical and practical training modules. Stahl Campus® is a key element of the company's strategy of promoting transparency throughout the supply chain.

In 2020, more than 1,000 people from 131 organizations attended Stahl Campus® training courses around the world. This included 52 on-site training courses, and 79 on-line webinars.

Notably in 2020, the Automotive Leather Finishing Post Graduate Certificate course was held for the second time in Stahl Campus® Mexico – a six-week course (3 x 2-week modules held over the academic year) developed in collaboration with the University of Northampton (UK), in which students receive a Post Graduate Certificate upon completion. The second 2-week module was completed in February 2020, but the final module, planned for Q2 2020, was postponed due to the lockdown in Mexico and will be completed in 2021. A third PG course is planned for October 2021.

4.2.5.8 Duty of Care

Duty of Care

Stahl carried out a review of its risk assessment and control policies within the scope of the French laws on Duty of Care. This review covered the risks linked to its employees, suppliers and customers/external markets. Stahl has adopted governance policies covering health and safety, the environment and human rights in order to mitigate such risks. These policies are included in the risk mapping section below.

Vigilance Team

In 2019 Stahl established a Vigilance Team. In 2020, 2 members were added to the team, which now includes Operations (COO), Human Resources (Group director), Legal & Compliance (manager), Finance (CFO), ESG (Environment Social & Governance Group director and manager) and Risk Management (manager). The Vigilance Team meets each quarter to monitor the effectiveness of the Vigilance plan and to monitor progress on EFPD and Sapin II.

Vigilance Plan

Stahl's vigilance plan corresponds to French Law 2017-399 (March 2017) on Duty of Care. The vigilance plan identifies and aims to prevent the risk of serious violations of human rights and fundamental freedoms as well as harm to human health, safety and the environment. The Stahl Vigilance team meets periodically to monitor the effectiveness of the vigilance plan.

The vigilance plan focuses on the following 3 risks:

Identifying the main risks associated with Stahl's activities; appropriate prevention, mitigation and action on monitoring; and effectiveness measures.

Risks linked to human rights and the societal impact of Stahl's activities, *e.g.* forced labor, freedom of association, modern slavery, discrimination, diversity and inclusion.

Gross risk: Modern slavery, lack of diversity and discrimination need to be eliminated from the industry, and it starts with employees and corporate policies. Violations or prosecutions in this respect could also have an impact on the company's financial performance and reputation.

Mitigation examples:

- Code of Conduct (CoC). The Stahl Employee CoC has chapters on modern slavery, conflicts of interest, business practices, data and IP protection, financial reporting and also outlines the whistleblower rules. Stahl has a CoC for business partners (updated in 2020 with the 10 principles of the UN Global Compact). Suppliers are evaluated using the EcoVadis rating system. The business partner CoC is a standard part of contracts with third parties. Both Codes of Conduct are discussed at the monthly Management Team and quarterly meetings with the Executive Control Group;
- whistleblowing: The Stahl whistleblower policy allows employees and third parties to report suspicious behavior, by e-mail or phone, that could be in conflict with the Code of Conduct, with the necessary protection guarantee for the whistleblower in question;
- training: To ensure that employees understand the issues of modern slavery, diversity, discrimination, equal treatment, sexual harassment etc., with regard to their own behavior and that of business partners, regular corporate training on the issues is recommended. Stahl has completed different levels of online training on these topics. Training hours are reported in the annual Stahl ESG report.

Monitoring the policies/activities in place and measuring their effectiveness:

- whistleblower cases are all treated and a KPI is reported annually;
- cases of corruption/bribery/harassment/non-compliance are reported annually in the Stahl Corporate Compliance report;
- the CoC covers non-compliance of third parties;
- EcoVadis is used to track and monitor performance of suppliers;
- letter of representation, signed by local Stahl managers each year, will include CoC related risks.

Risks linked to the health and safety of Stahl's employees & contractors, including accidents, injuries, illness, exposure to chemicals.

Gross risk: The risks in this category range from injuries to employees from slips or falls, to more significant accidents involving chemical spills, machinery operations or exposure to dangerous substances. These are well known in the (heavily regulated) chemical industry and Stahl holds itself to the highest health and safety standards in this respect.

Mitigation:

- strict legislation. Stahl is audited by external organizations, including governmental bodies (like national and local authorities on permits and by auditing firms on ISO certification) on a regular basis. Stahl's policy is to adopt the highest regulatory standards and apply them throughout its operations globally;
- effective SHE policies with clear rules, guidelines and KPIs. Stahl has a zero tolerance policy towards unsafe acts;
- auditing and reporting on safety and health, including accidents and incidents. This is done monthly and annually by Stahl;
- training: Courses on chemicals management and handling of flammable materials;
- identify and take action on safety and health risks for customers who use Stahl chemicals.

Monitoring the policies/activities in place and assessing their effectiveness:

- Stahl reports on accidents, incidents, frequency rates and chemical spills each month in its SHE report, which is communicated throughout the company and to its shareholders;
- incidents and accidents are closely tracked and monitored and action is taken based on data;
- the effectiveness of Stahl policies (like R20) is assessed by measuring safety and spills performance at each site, taking action in the cases where the data is trending the wrong way;
- Stahl is involved with selected projects with NGOs and government on training workers who use its chemicals, *e.g.* the safe handling of chemicals project in Bangladesh, where training statistics and improvement in incident rates will be tracked.

Risks linked to the protection of the environment, *e.g.* air & water pollution, water consumption, waste management, restricted chemical substances, climate change, biodiversity, local community impact.

Gross risk: These risks are linked to unplanned releases to the environment of hazardous materials from Stahl sites, as well as the risks linked to the environmental stewardship practices of Stahl customers in the supply chain, who use Stahl products in their manufacturing operations.

Mitigation:

- alignment to the 17 UN Sustainable Development Goals;
- effective SHE policies, *e.g.* covering the risks linked to spills or releases into the environment, a dedicated spill team which is trained on a regular basis;
- regular reporting of spills, releases, incidents, emissions, waste and other environmental KPIs;
- climate change resilience plan – how the company adapts to climate change events;
- active involvement in environmental stewardship projects in the supply chain;
- ESG long term targets (Roadmap);
- the use of CE certified equipment is mandated, as well as the associated training;
- Stahl also takes into account potential safety and health risks for customers who use its chemicals, and this also requires action for mitigation. Indeed many of its customers work in environments which are not as highly regulated as the chemical industry. Stahl has taken action, either alone or in conjunction with other peer companies and non-governmental organizations, to train users in these cases on (1) the safe use of chemicals, (2) the correct use of personal protective equipment, and (3) communicating clear rules on exposure prevention for potentially harmful chemicals. In addition to this, Stahl itself regularly hosts seminars around the world, for example in India, Pakistan and Bangladesh, which are attended by large groups of customers, which focus on safety, health, environmental stewardship and sustainability in general.

Monitoring the policies/activities in place and assessing their effectiveness:

- environmental KPIs are reported quarterly and communicated throughout the organization;
- environmental KPIs are reviewed continuously;
- global targets for some environmental KPIs exist (*e.g.* CO_2) but not for others (water, energy, waste). This is being investigated as part of the Stahl ESG Roadmap, for 2023 and 2030.

4.2.5.9 Reporting scope & methodological precisions

Reporting scope

- Unless otherwise indicated, HR and Safety data are reported for all Stahl entities worldwide;
- For environmental data the manufacturing sites are included as indicated below:

	Site	2020	2019	2018	2017	2016	2015
1	Brazil, Portao	Y	Y	Y	Y	Y	Y
2	China, Suzhou	Y	Y	Y	Y	Y	Y
3	France, Graulhet	Y	Y	Y	Y	-	-
4	Germany, Leinfelden	Y	Y	Y	Y	Y	Y
5	India, Kanchipuram	Y	Y	Y	Y	Y	Y
6	Italy, Palazzolo	Y	Y	Y	Y	Y	Y
7	Mexico, Toluca	Y	Y	Y	Y	Y	Y
8	Netherlands, Waalwijk	Y	Y	Y	Y	Y	Y
9	Singapore, Singapore	Y	Y	Y	Y	Y	Y
10	Spain, Parets	Y	Y	Y	Y	Y	Y
11	USA, Calhoun	Y	Y	Y	Y	-	-
	India, Ranipet	-	Y, until & including June	Y	Y	Y	Y
	Spain, Hospitalet	-	Y, until and including June	Y	Y, from October onwards	-	-
	USA, Peabody	-	-	-	Y, until and including Sept.	Y	Y

Y = Yes, full year and – = not reported.

Social indicators

Total workforce

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

Safety indicators

Population considered

In the KPI preparation, the following types of population are considered:

- contractor specific: A contractor present at Stahl only for specific projects or work;
- contractor usual: A contractor present at Stahl on a regular basis. *i.e.*, maintenance personnel, security guards or personnel working in the canteen;
- Stahl worker: any person having a personal work contract with Stahl.

Based on this definition, the impact of workers on the KPIs is as follows:

Relation with Stahl	Reported by site in case of injury	Consideration in Stahl SHE&PS Injury KPIs	Consideration in Stahl SHE&PS Days lost, LTI KPI and Severity Rate
Stahl Worker	YES	YES	YES
Usual Contractor	YES	YES	NO
Specific Contractor	YES	NO	NO

The reasons for these criteria are summarized as follows:

- injuries (injuries KPIs): when a "specific contractor" is at Stahl, it means that he or she is at Stahl only for specific tasks for a short time, not on a regular basis. If there is an injury to a specific contractor, it is reported, investigated, managed and the necessary actions taken, but it is not included in the Stahl injury KPI calculation. These injuries are entered into the management system in terms of permits, coordination of activities and supervision. Though specific contractor behavior is their own responsibility, if Stahl identifies a contractor misbehaving in terms of safety, the company will prohibit that person from working at Stahl for a defined period of time or permanently;
- some contractors work at Stahl on a regular basis (in certain cases: daily). For this reason, they are more involved with Stahl and, in a sense, operating under its management system and criteria. If one of these "usual contractors" gets hurt in an incident, the incident is reported and included in the company's injury KPI calculation;
- in terms of lost time (LTI KPIs), contractors are defined as workers from an external company with which Stahl has a service contract. If any such contractor is injured, the service company provides a replacement the next day, ensuring that the service is not interrupted. Therefore, the service company may report lost time, but contractors are not (neither specific nor usual) included in Stahl's 'number of days lost' KPI.

Total recorded injuries frequency rate

The total recorded injuries (TRI) frequency rate is calculated on the basis of the number of total recorded number of injuries in the last twelve months over the total number of worked hours and referenced to a base of 1,000,000 h.

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 in the last twelve months over the total number of worked hours and referenced to a base of 1,000,000 h.

Severity rate

The severity rate is the number of lost working days due to injuries in the last twelve months over the total number of worked hours and referenced to a base of 1,000 h.

Environmental indicators

CO_2 emissions

The CO_2 emissions are calculated according to three scopes of emissions:

- direct Greenhouse Gas (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);
- indirect emission sources related to energy (in the form of electricity, steam, heat and cooling) are purchased from the grid or district (Scope 2).
- expected other indirect emission sources (scope 3) following the Green House Gas protocol.

The source of its emission factors are:

- oil: IPCC, guidelines for National Greenhouse Gas Inventories, volume 2,
- gas: IPCC, guidelines for National Greenhouse Gas Inventories, volume 2,
- steam: emission Factors for Greenhouse Gas Inventories,
- electricity: Ecometrica (2011) electricity-specific emission factors for grid electricity.

Carbon footprint data is reported quarterly and annually.

The reporting methods for certain CO_2 indicators for Scope 3 emissions may have certain limitations due to the pragmatic considerations of collecting and consolidating the relevant data.

Stahl reports its scope 1 and 2 emissions each year. Indirect scope 3 emissions have been quantified since 2017. Stahl worked with an external consultant to calculate its scope 3 CO_2 emissions for the year 2017 and to provide the company with a model to calculate its scope emissions on a yearly basis in the future, that was used for the estimation of the emission in 2018, 2019 and 2020. This report contains a summary, which is required to report on the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard (chapter 11)".

Standard

Stahl's scope 3 emissions have been quantified based on the GHG Protocol "Corporate Value Chain (Scope 3) Accounting and Reporting Standard". This standard lists 15 sources of scope 3 emissions.

Category	Methodology
Cat 1: Purchased goods and services	Emissions related to raw materials have been estimated based on top 30 raw materials purchased, top 15 chemical groups and top 10 types of packaging used.
Cat 12: End-of-life treatment of sold products	End-of-life emissions from sold finished goods have been estimated by assuming a carbon content of 80% and the assumption that all finished goods *(i.e.* coatings on leather) will be incinerated at the end of the product lifecycle.
Cat 4: Upstream transportation and distribution	Available transport data for Waalwijk, including information about weight, destination, type of transport (internal/external, paid for by Stahl or not) and mode of transport, has been extended to include estimations for traveled distance per destination. Distances by truck have been estimated using Google Maps. Intercompany trips were adjusted for by a correction factor of 50%. Extrapolation from Waalwijk data to Global data has been done based on the amounts (kg) shipped from Waalwijk *versus* amounts shipped globally.

For CO_2 eq emissions from scopes 1, 2 and 3, there are uncertainties due to the intrinsic uncertainties from emission factors. Increasingly using LCA data for conversion factors will make these data more accurate. Stahl reports Scope 3 emission in a range of 30 million CO_2 eq, since indirect emissions are an estimated calculation as per the GHG protocol.

Energy

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

Water

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

Waste

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

Furthermore, Stahl reports wastewater that is sent to an external treatment center. This data only relates to the sites in Waalwijk, Calhoun and Toluca. The other manufacturing 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 Group.

At each site, the SHE Manager reviews safety and environmental data reported before the Group-level consolidation is performed.

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

4.3 Report of one Statutory Auditors, appointed as independent third party, on the consolidated non-financial statement

For the year ended December 31, 2020

To the Shareholders,

In our capacity as Statutory Auditor of Wendel, appointed as independent third party and accredited by COFRAC under number 3-1048 (scope of accreditation available at www.cofrac.fr), we hereby report to you on the consolidated non financial statement for the year ended December 31, 2020 (hereinafter the "Statement"), presented in the group management report pursuant to the legal and regulatory provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code *(Code de commerce)*.

Company's responsibility

The Executive Board is responsible for preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main extra-financial risks, a presentation of the policies implemented with respect to these risks as well as the results of these policies, including key performance indicators. The Statement has been prepared by applying the company's procedures (hereinafter the "Guidelines"), summarized in the Statement and available on request at the headquarters of the entity and its portfolio companies.

Independence and quality control

Our independence is defined by the requirements of article L. 822-11-3 of the French Commercial Code and the French Code of Ethics for Statutory Auditors *(Code de déontologie)*. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, French professional standards and applicable legal and regulatory requirements.

Responsibility of the statutory auditor appointed as independent third party

Based on our work, our responsibility is to express a limited assurance conclusion on:

- the compliance of the Statement with the requirements of article R. 225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, *i.e.* the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the "Information."

However, it is not our responsibility to provide any conclusion on the company's compliance with other applicable legal and regulatory provisions, particularly with regard to the duty of vigilance, anti-corruption and taxation nor on the compliance of products and services with the applicable regulations.

Nature and scope of procedures

We performed our work in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code defining the conditions under which the independent third party performs its engagement and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this engagement and with ISAE 3000 (*Assurance engagements other than audits or reviews of historical financial information)*.

We conducted procedures in order to assess the Statement's compliance with regulatory provisions, and the fairness of the Information:

- We familiarized ourselves with the Group's business activity and the description of the principal risks associated;
- We assessed the suitability of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- We verified that the Statement covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, as well as in the second paragraph of Article L. 22-10-36 regarding the respect for human rights and the fight against corruption and tax evasion;
- We verified that the Statement provides the information required under article R. 225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under article L. 225-102-1 III, paragraph 2 of the French Commercial Code;
- We verified that the Statement presents the business model and a description of principal risks associated with all the entity's activities, including where relevant and proportionate, the risks associated with its business relationships, its products or services, as well as its policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;

- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented, and
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important[1];
- We verified that the Statement covers the consolidated scope, *i.e.* all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Statement;
- We obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;
- We carried out, for the key performance indicators and other quantitative outcomes[2] that in our judgment were of most significance:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto,
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing sites of some controlled companies, listed as follow:
    - For Constantia Flexibles: C-Pirk Folien (Germany) that cover between 2% and 15% of the consolidated data for this subsidiary,
    - For Cromology: Réseau Tollens (France) and Porcari (Italy), that cover between 3% and 47% of the consolidated data for this subsidiary,
    - For Stahl: Kanchipuram (India) and Palazzolo (Italy), that cover between 5% and 39% of the consolidated data for this subsidiary;
- We have been informed of the work and the conclusion of Bureau Veritas' independent third party;
- We assessed the overall consistency of the Statement in relation to our knowledge of Wendel.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures.

Means and resources

Our work engaged the skills of five people between August 2020 and March 2021;

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around forty interviews with people responsible for preparing the Statement.

(1) *Qualitative information at Wendel level: Evolution of the ESG 2023 roadmap; Integration of ESG criteria throughout the investment cycle; Policies implemented to control risks related to business ethics: implementation of the Wendel Protect tool and alert procedure; Assessment of the exposure of portfolio companies to climate risks and alignment with the TCFD. Qualitative information at the level of each subsidiary (excluding Bureau Veritas): Policies and measures implemented according to the main risks identified within each subsidiary, namely related to environmental, social, health and safety issues, the integration of ESG criteria into products and services, and to supplier relationships.*

(2) *Quantitative information at Wendel level: Headcount at the end of the period (including hires and departures); Percentage of women in total headcount, in investment teams, in management positions, and in decision-making bodies; Percentage of investment opportunities screened through the Wendel's exclusion list and through the identification of material ESG risks and opportunities;* CO_2 *emissions intensity (scope 1, 2 and 3) per employee. Consolidated quantitative information at Wendel level (including subsidiaries): Percentage of portfolio companies with an ESG roadmap; Percentage of portfolio companies' CEOs whose variable compensation is conditional on progress made vis-à-vis their ESG roadmaps; Percentage of portfolio companies with a GHG emissions reduction plan; Percentage of portfolio companies that have i) an environmental management system, ii) adopted a continuous improvement approach to health and safety at work, iii) a commitment to improve the gender mix of their workforce, iv) identified product and services impact priorities and defined associated action plans. Frequency rate of work accidents with lost time. Quantitative information at the level of the selected subsidiaries, when published: Headcount at the end of the period (including hires and departures); Headcount at the end of the period breakdown by gender; Turnover rate; Training hours; Frequency and severity rate of work accidents; Deployment of the 5S method in points of sale; Emissions into water (COD, TSS); Greenhouse gas emissions (scopes 1 & 2) and other air emissions (VOC); Water consumption and quantity of wastewater sent to external treatment; Energy consumption; Share of renewable energy; Volumes and recovery rate of waste; Air shipments avoided compared to previous year; Catalog page count reduced compared to previous year; Suppliers audits carried out; Share of raw materials purchasing volume covered by suppliers who have signed the Responsible Purchasing charter; Direct purchasing spend represented by EcoVadis assessed suppliers; Revenue from eco-certified products launched within the last three years; Revenue generated by eco-certified products; Share of Recyclability of product portfolio.*

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the non financial statement does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Comments

Without qualifying the conclusion expressed above and in accordance with Article A. 225-3 of the French Commercial Code, we make the following comments:

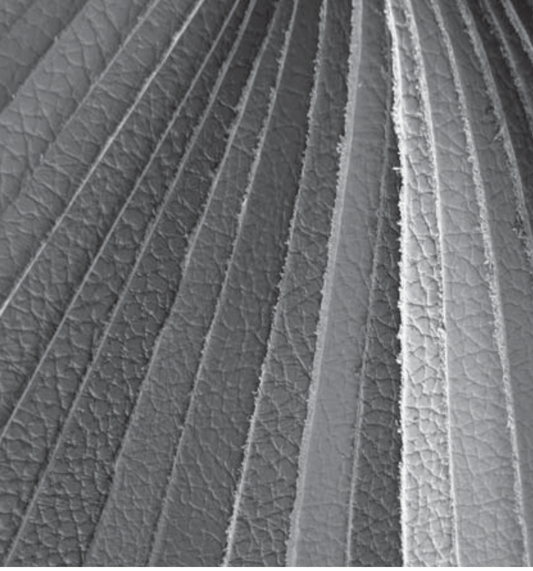
As mentioned in the Non Financial Statement:

- The scopes of reporting concerning the consolidated indicators at Wendel's level differ depending on the controlled companies taken into account for each of them.
- The scopes of reporting of some indicators disclosed by Cromology and CPI are limited.

Paris-La Défense, March 17th, 2021

One of the statutory auditors,
Deloitte & Associés

Mansour Belhiba Partner	Julien Rivals Partner, Sustainability Services



5

COMMENTS ON FISCAL YEAR 2020

5.1 Analysis of the consolidated financial statements

5.1.1 Consolidated income statement - Accounting presentation

The Wendel Group consolidates:

- by full consolidation: holding companies and subsidiaries over which Wendel exercises exclusive control: Bureau Veritas (certification and verification), Constantia Flexibles (flexible packaging and labels), Cromology (production and distribution of paints), Stahl (leather finishing products and high-performance coatings), Tsebo (business services in Africa) and CPI (management and crisis prevention training programs);
- using the equity method: companies in which Wendel has significant influence or joint control, namely IHS (telecommunications infrastructures in Africa).

The contribution of companies sold or held for sale are presented, in accordance with IFRS, in a separate line of the income statement entitled "Net income from discontinued operations and operations held for sale" for each year presented.

Accordingly, the income statement item "net income from discontinued operations or held for sale" mainly represents the loss related to the exit of Tsebo.

in million euros	2020	2019	2018
Net sales	7,459.2	8,110.5	8,389.2
Operating income	300.3	725.7	676.0
Net financial expense	-240.0	-268.0	-261.7
Income taxes	-126.7	-249.1	-173.9
Net income (loss) from equity-method investments	-63.5	-78.2	-131.5
NET INCOME BEFORE INCOME FROM DISCONTINUED OPERATIONS AND OPERATIONS HELD FOR SALE	**-129.8**	**130.3**	**108.8**
Net income from discontinued operations and operations held for sale	-101.2	495.3	171.6
NET INCOME	**-231.0**	**625.6**	**280.4**
Net income – non-controlling interests	33.1	225.8	235.1
NET INCOME - GROUP SHARE	**-264.1**	**399.7**	**45.3**

5.1.2 Consolidated income statement – Economic presentation

The consolidated income statement reflects the aggregate earnings of the various equity investments held by Wendel. These are either fully consolidated or accounted for by the equity method.

As such, the accounting presentation of the income statement does not allow for a direct, in-depth analysis. For this reason, Wendel regularly provides an income statement prepared on an economic basis. The definition of economic presentation and a conversion from the accounting presentation to the economic presentation are included in note 7 to the consolidated financial statements, entitled "Segment information".

in million euros	2020	2019	2018
Bureau Veritas	302.8	477.7	443.7
Stahl	78.3	94.3	110.3
Constantia Flexibles	49.5	44.2	83.2
Cromology	15.6	-19.2	-5.2
Allied Universal (Equity method)	-	58.5	11.9
Dividend from Saint-Gobain	-	4.1	18.4
IHS (Equity method)	-5.3	-60.9	5.8
■ Tsebo	-7.6	-9.2	7.4
■ CPI	-2.6	-	-
■ Mecatherm	-	-	2.0
■ CSP Technologies	-	-	2.5
■ NOP	-	-	1.4
■ SGI Africa (Equity method)	-	-	-0.9
Total contribution from Group companies	**430.7**	**589.5**	**680.5**
of which Group share	*191.5*	*233.6*	*321.1*
Operating expenses, management fees and taxes	-55.1	-68.3	-59.7
Amortization, provisions and stock-option expenses	-9.7	-4.4	-9.7
Total operating expenses	**-64.8**	**-72.7**	**-69.4**
Total financial expenses	**-33.5**	**-67.9**	**-99.0**
Net income from operations	**316.4**	**449.7**	**512.1**
of which Group share	*77.3*	*85.4*	*152.7*
Non-recurring income	**-376.5**	**321.0**	**-56.4**
Impact of goodwill allocation	**-171.0**	**-145.1**	**-175.3**
Total net income	**-231.0**	**625.6**	**280.4**
Net income – non-controlling interests	33.1	225.8	235.1
NET INCOME - GROUP SHARE	**-264.1**	**399.7**	**45.3**

5.1.3 Business overview in financial year 2020

Wendel Group's consolidated sales totaled €7,459.2 million, down 8.0% overall and down 5.8% organically.

The overall contribution of Group companies to net income from operations amounted to €430.7 million, down 26.9% from 2019. This decline largely resulted from lower earnings at Bureau Veritas and Stahl levels, the accounting impact of Allied Universal disposal in 2019[1], which have not been fully offset by strong results at IHS, Cromology and Constantia Flexibles.

Financial expenses, operating expenses and taxes totaled €114.2 million, down 18.4% from the €139.8 million reported in 2019. This decrease was mainly on the financial expense line item, in continued reduction over the recent years, down 26.5% in 2020, as a result of the reduction in gross debt, as well as the strong reduction of operating costs at Wendel level in 2020. While borrowing costs decreased by 27.7% in 2020, operating expenses were also reduced by 10.8% primarily due to tight and optimized holding costs in the context of the COVID-19 crisis and following the closure of several offices.

Non-recurring net result was a loss of €376.5 million in 2020 *vs.* a gain of €321.1 million in 2019. This is largely due to the disposal of Allied Universal which generated a €644 million capital gain in 2019.

Wendel's net loss was thus €231.0 million in 2020, compared with a gain of €625.6 million in 2019. Net income, Group share was a loss of €264.1 million, *vs.* a gain of €399.7 million in 2019.

2020 activity for each of the Group's shareholdings is provided in Part 1.4 of this Document.

Strong financial structure, c.€1.8 billion liquidity and low leverage

- LTV ratio at 6.2% as of December 31, 2020.
- Total liquidity amounting to c.€1.8 billion as of December 31, 2020, including €1,079 million cash and a €750 million committed credit facility (fully undrawn).
- Average debt maturity of 4.5 years.
- Investment Grade corporate ratings: Moody's Baa2 with stable outlook/S&P BBB with stable outlook.

(1) Following IFRS 5 rule.

5.1.4 Consolidated balance sheet

The following table shows the principal changes that took place in the consolidated balance sheet in 2020. For the purposes of this analysis and to clarify the readability of aggregates, certain line items of a similar nature have been combined for their net value. Accordingly, financial debt is presented net of Wendel's pledged cash and cash equivalents and short-term financial investments. Financial assets and liabilities are also presented net of these items.

ASSETS (in millions of euros)	**12/31/2020**	**12/31/2019**	**12/31/2018**
Goodwill, net	3,489	4,112	3,340
Intangible assets and property, plant & equipment	2,801	3,060	3,234
Property, plant and equipment under operating leases	530	537	-
Equity-method investments	225	294	552
Net working capital requirements	356	627	719
Assets and operations held for sale	8	40	118
TOTAL	**7,410**	**8,670**	**7,962**

LIABILITIES (in millions of euros)	**12/31/2020**	**12/31/2019**	**12/31/2018**
Shareholders' equity - Group share	2,004	2,423	2,160
Non-controlling interests	1,284	1,393	1,146
Provisions	460	461	508
Net financial debt (1)	3,362	4,137	3,917
Net financial assets and liabilities	111	57	71
Net deferred tax liabilities	190	200	302
TOTAL	**7,410**	**8,670**	**7,962**

(1) This item includes operating lease liabilities of €583 million in 2020. This debt amounted to €591 million in 2019.

5.1.5 Breakdown of principal changes in the consolidated balance sheet

GOODWILL AS AT DECEMBER 31, 2019	**4,112**
Goodwill allocation of CPI	-306
Reclassification under "Operations held for sale"	-98
Impairment for the period	-33
Currency fluctuations and other	-186
GOODWILL AS AT DECEMBER 31, 2020	**3,489**

INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS AT DECEMBER 31, 2019(1)	**3,060**
Investments	219
Divestments	-44
Changes in scope of consolidation	2
Depreciation/Amortization and provisions recognized during the year	-621
Currency fluctuations and other	186
INTANGIBLE ASSETS AND PROPERTY, PLANT & EQUIPMENT AS AT DECEMBER 31, 2020(1)	**2,801**

EQUITY-METHOD INVESTMENTS AS AT DECEMBER 31, 2019	**294**
Net income for the year	-64
Others (including cumulative translation adjustments)	-5
EQUITY-METHOD INVESTMENTS AS AT DECEMBER 31, 2020	**225**

CONSOLIDATED SHAREHOLDERS' EQUITY – GROUP SHARE – AS AT DECEMBER 31, 2019	**2,423**
Net income for the year	-264
Items of comprehensive income	50
Dividend paid by Wendel	-123
Net share buybacks	1
Currency translation reserves	-126
Share-based payments	21
Changes in scope of consolidation	-1
Company savings plan	2
Other	20
CONSOLIDATED SHAREHOLDERS' EQUITY – GROUP SHARE – AS AT DECEMBER 31, 2020	**2,004**

(1) *Exclusing right of uses arising from the application of IFRS 16.*

	Wendel and holding companies	Portfolio companies	Total Group
NET FINANCIAL DEBT AS AT DECEMBER 31, 2019	**491**	**3,647**	**4,137**
Main cash flows of Wendel and its holding companies:			
"Recurring" operating expenses, management fees, and tax	55	-	-
"Recurring" financial costs (excluding accounting effects) of Wendel and its holding companies	51	-	-
Dividends paid	123	-	-
Sale of Allied Universal	-186	-	-
Main cash flows of portfolio companies			
Net cash flow from operating activities	-	-1,461	-
Net finance costs	-	162	-
Net cash flows related to taxes	-	199	-
Net acquisition of property, plant & equipment and intangible assets	-	206	-
Dividends paid	-	18	-
Other cash flows			
Net buybacks of treasury shares	-1	-6	-
Wendel managers cash and cash equivalents	35	-	-
Impact of changes in the scope of consolidation [(1)]	-	26	-
Capital increase	-2	-	-
Other	-19	25	-
NET FINANCIAL DEBT AS AT DECEMBER 31, 2020	**546**	**2,816**	**3,362**

(1) Exit of Tsebo.

NET FINANCIAL ASSETS AND LIABILITIES AS AT DECEMBER 31, 2019	**-57**
Minority puts and liabilities related to liquidity guarantees	42
Sale of Allied Universal shares (residual)	-186
Exchange rate hedging instrument of Wendel SE	51
Other	39
NET FINANCIAL ASSETS AND LIABILITIES AS AT DECEMBER 31, 2020	**-111**

5.2 Analysis of the parent-company financial statements

5.2.1 Income statement

in millions of euros	2020	2019	2018
Income from investments in subsidiaries and associates	200	5,239	500
Other financial income and expense	-55	-64	-88
FINANCIAL INCOME	**145**	**5,175**	**412**
Operating income	-27	-35	-28
NET INCOME BEFORE EXCEPTIONAL ITEMS AND TAX	**118**	**5,139**	**384**
Exceptional items	-144	-3,276	-47
Income taxes	0	3	3
NET INCOME	**-27**	**1,866**	**340**

Income before exceptional items and tax was €118 million in 2020 compared with €5,139 million in 2019. The decrease compared to the previous year mainly corresponds to a decrease in interim dividends received from subsidiaries of €200 million in 2020 compared to €3,789 million in 2019 for Trief Corporation; and no dividends in 2020 compared to €1,450 million in 2019 for Oranje-Nassau Groep. The sum of dividends received in 2019 was due to impacts associated with the simplification of the structures holding Bureau Veritas securities and securities of unlisted investments.

The decrease in financial expenses in 2020 compared to 2019 is mainly driven by down of interest expenses on bonds following the early redemption of the 2020 and 2021 strains in 2019, an amount of €33.4 million compared to €46.1 million in 2019.

At December 31, 2020, the non-recurring income of -€144 million mainly includes changes in provisions and impairment on assets related to subsidiaries.

As of December 31, 2020, there was no tax consolidation income. The favorable tax impact on the 2019 result includes a tax consolidation profit for the Group of €2.9 million.

5.2.2 Balance sheet

ASSETS (in millions of euros)	12/31/2020	12/31/2019	12/31/2018
Intangible assets	1	0	0
Property, plant & equipement	2	2	2
Non-current financial assets	7,464	7,611	4,531
Net intra-Group receivables	67	27	1,520
Net working capital requirements	2	-7	-3
Cash and marketable securities	1,105	1,172	2,119
Treasury instruments	65	14	55
Redemption premium	2	3	3
TOTAL	**8,707**	**8,823**	**8,227**

LIABILITIES (in millions of euros)	12/31/2020	12/31/2019	12/31/2018
Shareholders' equity	6,992	7,139	5,597
Provisions	28	47	24
Financial debt	1,620	1,619	2,551
Redemption premium	2	3	4
Valuation difference on treasury instruments	65	14	51
TOTAL	**8,707**	**8,823**	**8,227**

The variation of €147 million in non-current financial assets in 2020 mainly results from the following transactions:

- the transfer of 34,320 Wendel shares as fixed assets from the liquidity contract for an amount of €4 million;
- the acquisition of 6,264 Wendel shares for a capital reduction for a total of €0.5 million; and
- the impact of impairments on Wendel, Trief Corporation and Eufor shares for a total net amount of -€152 million.

The €39 million increase in net receivables from portfolio companies' holding structures derived mainly from the following factors:

- an overall increase in amounts borrowed from subsidiaries of €222 million, mainly due to the sale of remaining interest in Allied Universal shares;
- increase in loans to subsidiaries for a total amount of €61 million dedicated to current activities and manager buy-outs;
- distribution of an interim dividend of €200 million from Trief Corporation.

The change in cash and cash equivalents over the 2020 to 2019 financial years of €62 million is mainly due to:

- borrowings and loans to portfolio companies' holding structures for a net amount of €160.6 million (see change in net receivables excluding non-cash items);
- the Wendel dividend paid in 2020 for an amount of €122.6 million; and
- the cost of debt and the payment of the guarantee granted to the lenders of the BEE minority shareholders of the Tsebo group for a total amount of € 82 million.

Shareholders' equity totaled €6,992 million as of December 31, 2020 *vs.* €7,139 million as of December 31, 2019. The change during the year derived primarily from the following factors:

- net income for the period of -€27 million; and
- a cash dividend paid on 2020 earnings of €122.6 million (€2.80 per share); and
- the capital increase for a total amount of €2.2 million.

5.3 Net asset value (NAV)

5.3.1 NAV as at December 31, 2020

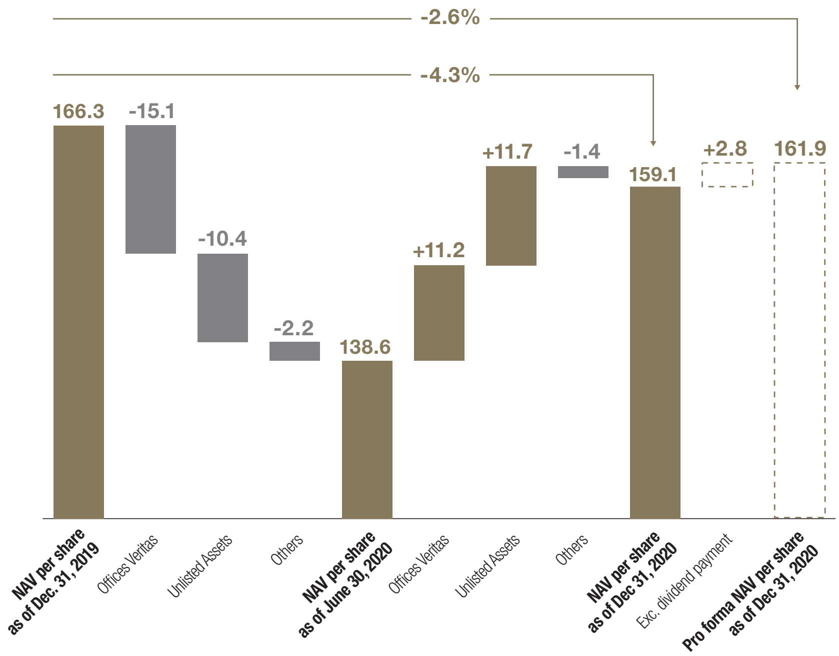
NAV as at December 31, 2020, December 31, 2019 and December 31, 2018 break down as follows:

In millions of euros			12/31/2020	12/31/2019	12/31/2018
Listed equity investments	**Number of shares**	**Share price(1)**	3,600	3,776	3,268
■ Bureau Veritas	160.8/160.8/156.3 million	€22.4/€23.5/€18.2	3,599	3,775	2,846
■ Saint-Gobain	0.0/0.0/14.2 million	€38.5/€37.3/€29.8	1	1	422
Unlisted investments(2)			3,910	4,026	3,908
Other assets and liabilities of Wendel and holding companies(3)			74	101	89
Cash and marketable securities(4)			1,079	1,142	2,090
GROSS ASSET VALUE			**8,662**	**9,044**	**9,355**
Wendel bond debt			-1,548	-1,615	-2,532
NET ASSET VALUE			**7,114**	**7,429**	**6,823**
Of which net debt			-468	-473	-442
Number of shares			44,719,119	44,682,308	46,280,641
NET ASSET VALUE PER SHARE			**€159.1**	**€166.3**	**€147.4**
Average of 20 most recent Wendel share prices			€97.9	€120.8	€103.2
PREMIUM (DISCOUNT) ON NAV			**-38.5%**	**-27.3%**	**-30.0%**

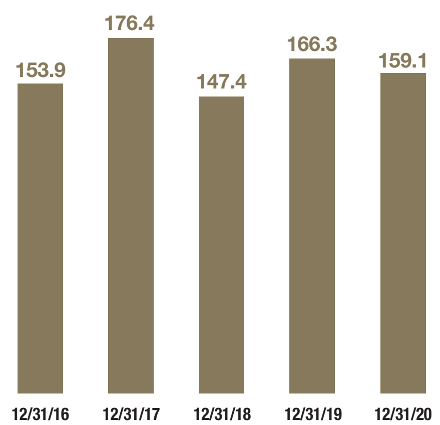
(1) Last 20 trading days average as of December 31, 2020, December 31, 2019 and December 31, 2018.
(2) Investments in non-publicly traded companies (Cromology, Stahl, IHS, Constantia Flexibles, Crisis Prevention Institute, indirect investments). As per previous NAV calculation IHS valuation was solely performed based on EBITDA which is at this stage the most relevant sub-total. Aggregates retained for the calculation exclude the impact of IFRS 16. As from December 20, CPI is valued with a market approach.
(3) Of which 900,665 treasury shares as of December 31, 2020, 908,950 treasury shares as of December 31, 2019 and 1,013,074 as of December 31, 2018.
(4) Cash position and financial assets of Wendel & holdings. As of December 31, 2020, this comprises € 0.9 bn of cash and cash equivalents and € 0.3 bn short term financial investment.

If co-investment and managements LTIP conditions are realized, subsequent dilutive effects on Wendel's economic ownership are accounted for in NAV calculations. See page 360.

Change in NAV in 2020



NAV per share in euros



5.3.1.1 NAV publication dates and publication-related verification

The annual schedule of NAV publication dates is available in advance on Wendel's website at the following address: http://www.wendelgroup.com.

At each NAV publication date, the Statutory Auditors verify that the methodology used for calculating net asset value complies with the Group's methodology and confirm consistency with accounting data.

The Audit Committee reviews each published NAV and compares Wendel's valuation of unlisted investments with one performed by an independent expert.

5.3.1.2 Methodology adjustments

As of December 31, 2020, Wendel performed some adjustments to its Net Asset Value methodology. Main adjustments are the following:

- There are no longer any specific valuation modifiers for small or underperforming companies.
- Over the first eighteen months following acquisition, new unlisted investments will now be valued through a time-weighted average of (a) current year multiples at acquisition and (b) listed peer-group multiples. For the first NAV following the acquisition, valuation is 100% based on acquisition multiples and 0% on listed peer-group multiples. Subsequently, the weight of the acquisition multiples linearly decreases to 0% over eighteen months while the weight of the listed peer-group multiples linearly increases to 100% over the period.
- As previously, transaction multiples and purchase offers received may be used for valuation under certain conditions, but for a period now limited to 6 months for transaction multiples and for a period equal to that of the said offer extended by 2 months after its expiry date for purchase offers (instead of 12 months previously for both situations).
- Another adjustment relates to the integration of pensions in the valuation of unlisted assets. In addition, it is specified that any additional costs arising from a stock market listing are not considered in the aggregates of unlisted assets. Finally, further clarifications are provided on the valuation of investments in funds and on the recognition of subscription stock options.
- Adjustments to the methodology had non-significant impact on the December 31, 2020 Net Asset Value (+0.3%).

5.3.1.3 Presentation of NAV

Presentation format (publication at the level of detail indicated)	**Comments**
Equity investments valuation date	
+ Listed investments, including:	
■ Bureau Veritas	Average closing price over 20 trading days
+ Unlisted investments	*Unlisted investments are valued using the method described below.*
+ Other assets and liabilities of Wendel and holding companies	*Includes Wendel shares held in treasury*
Cash and marketable securities	*Pledged & unpledged cash of Wendel and holding companies*
Wendel's bond debt and syndicated credit line	*Face value +accrued interest*
Net Asset Value	
Number of Wendel shares	
NAV/share	
Average of 20 most recent Wendel share prices	
Premium (discount) on NAV	

NAV is a short-term valuation of the Group's assets. It does not take into account any control premiums, illiquidity or initial public offering discounts; similarly, aggregates used in the valuation of unlisted assets are not adjusted from potential additional costs arising from a stock market listing.

5.3.1.3.1 Listed equity investments

Listed investments are valued on the basis of the average closing price of the 20 trading days prior to the valuation date.

5.3.1.3.2 Valuation of unlisted investments

Valuation following an acquisition

New, unlisted investments are valued through a weighted average of the current year multiples implied by the deal and valuation by listed peer-Group multiples (cf. next section of the methodology) over a period of eighteen months.

On the first NAV following the acquisition Valuation is weighted at 100% on acquisition multiples and 0% on listed peer-Group multiples.

The weight of the acquisition multiples linearly decreases to 0% over eighteen months. The weight of the listed peer-Group multiples linearly increases to 100% over eighteen months.

Valuation by listed peer-Group multiples

The preferred method for valuing unlisted investments is comparison with the multiples of comparable listed companies.

The value of shareholders' equity of the companies in Wendel's portfolio is determined as their enterprise value minus net financial debt of investments (gross face value of debt plus pensions booked in balance sheet less cash) appearing in the most recent financial statements.

If net debt exceeds enterprise value, the value of shareholders' equity remains at zero if the debt is without recourse to Wendel.

Wendel's percentage ownership is determined by the features of the equity instruments held by Wendel, non-controlling interests and co-investor managers, if any (see note 4 "Participation of managers in Group investments" to the consolidated financial statements).

Enterprise value is obtained by multiplying measures of each company's earnings by stock-market multiples of similar listed companies.

The measures of earnings most often used in the calculation are recurring EBITDA (earnings before interest, taxes, depreciation and amortization) and recurring EBIT (before goodwill). The choice of earnings measures used can be adjusted depending on the sector in which the subsidiary operates or its business model. In this case, Wendel publishes an explanation of the adjustment. The enterprise value corresponds to the average of the values calculated using EBITDA and EBIT of two reference periods: the previous year and the budget (or budget update) for the current year. For NAV as of December 31, the budget for the new year being available, the calculation is based on the latest estimate for the year just ended (or the actual if available) and the budget for the new year. Stock-market multiples of comparable companies are obtained by dividing their enterprise value by their realized or expected EBITDA or EBIT for the reference periods, or in the case of fiscal years that are different from the calendar year, the closest fiscal year.

Enterprise value of the comparable companies is obtained by adding market capitalization (the average closing price over the last 20 trading days) and net financial debt (gross face value of debt plus pensions booked in balance sheet less cash) at the same (or similar) date as that applied to the net debt of the company being valued.

Comparable listed companies are chosen based on independent data and studies, information available from Wendel's subsidiaries, and research carried out by Wendel's investment team. Certain peer-Group companies can be more heavily weighted if their characteristics are closer to those of the company being valued than are those of the other companies in the sample.

The peer Group remains stable over time. It is adjusted when a company is no longer comparable (in which case it is removed from the peer Group) or when a company is newly considered as belonging to the peer Group for the investment being valued.

Non-representative multiples are excluded from the peer Group, such as occur during takeover offers or any other exceptional circumstance affecting the measures of income or the share price, or when reliable information is missing.

The data, analyses, forecasts or consensus values used are based on information available as of the date of the NAV calculation. If actual data are available when the calculation is performed, they are given priority. For portfolio companies as for peers, EBITDA, EBIT and net debt figures used are adjusted for significant acquisitions or asset sales.

Significant non-controlling interests in portfolio companies are excluded from the portion of equity value attributed to the Group.

Valuation by transaction multiples

Transaction multiples may be used when the transaction involves a company whose profile and business are like those of the company being valued. In this case, reliable information must be available on the transaction, in sufficient and explicit details, so that there is minimum ambiguity on the transaction implied multiples. In some cases, the multiple used to value an investment will be an average, either straight or weighted, of the peer Group multiple and the transaction multiple If used, the transaction multiple is applied for a period of 6 months.

Other methods

If a valuation by peer-Group comparison is not relevant, other methods may be used, depending on the nature of the business, the characteristics of the asset and market practices. These include expert appraisals, valuation by discounted future cash flows, sum of the parts, and other methods.

Purchase offers

Purchase offers received for unlisted investments may be considered if they are firm, fully financed, and have minimal conditionality and as well as a high probability of being accepted. In this case, Wendel uses the average either straight or weighted of the internal valuation and the purchase price offered. Relative weight can be based on the specific terms of the offer.

The price of a purchase offer is applied for a period equal to that of the said offer extended by 2 months after the expiry date of the offer. A purchase offer is considered if received prior to the date of the Executive Board approval of the NAV.

Price of dilutive or accretive capital transactions

To the extent justified by the circumstances, the price of a capital transactions that have a significant dilutive or accretive effect, overall or on certain shareholders, can be used to value the entire related investment. In that case, the methodology employed is the same as for recent investments made by Wendel (cf. "valuation following an acquisition" section of this methodology).

The principle of valuation at the price paid is not applied in the event Wendel, or any other shareholder, exercises an option to acquire shares or subscribe to a capital increase at an exercise price set on the basis of a situation that pre-dates the exercise.

Investments in funds

Investments in funds are valued at the last valuation received from the General Partner.

5.3.1.4 Cash

Cash of Wendel and its holding companies includes available cash at the valuation date (including liquid financial investments) and pledged cash.

5.3.1.5 Financial debt (non-current portion)

Financial debt (Wendel's bond debt and syndicated loan outstanding) is valued at its face value plus accrued interest.

For the purposes of the calculation, financial debt is valued at face value, which is not affected by changes in interest rates or credit quality. Accordingly, interest-rate swaps are not valued at their market value, as the swaps are treated as part of the debt.

5.3.1.6 Other NAV components

Current assets and liabilities are considered at their net book value or their market value, depending on their nature, *i.e.* at face value, less any impairment, in the case of receivables, and at market value in the case of derivatives, with the exception of interest-rate swaps. Real estate is valued on the basis of appraisals carried out at regular intervals.

Shares held in treasury and earmarked for sale upon the exercise of stock options are valued at the lower of the strike price of the options or the average price of the shares over the last 20 trading days. Shares held to cover performance share plans are valued at zero. Other shares held in treasury are valued at the average price over the last 20 trading days. A liability is considered for subscription stock option plans when the stock price exceeds the strike price.

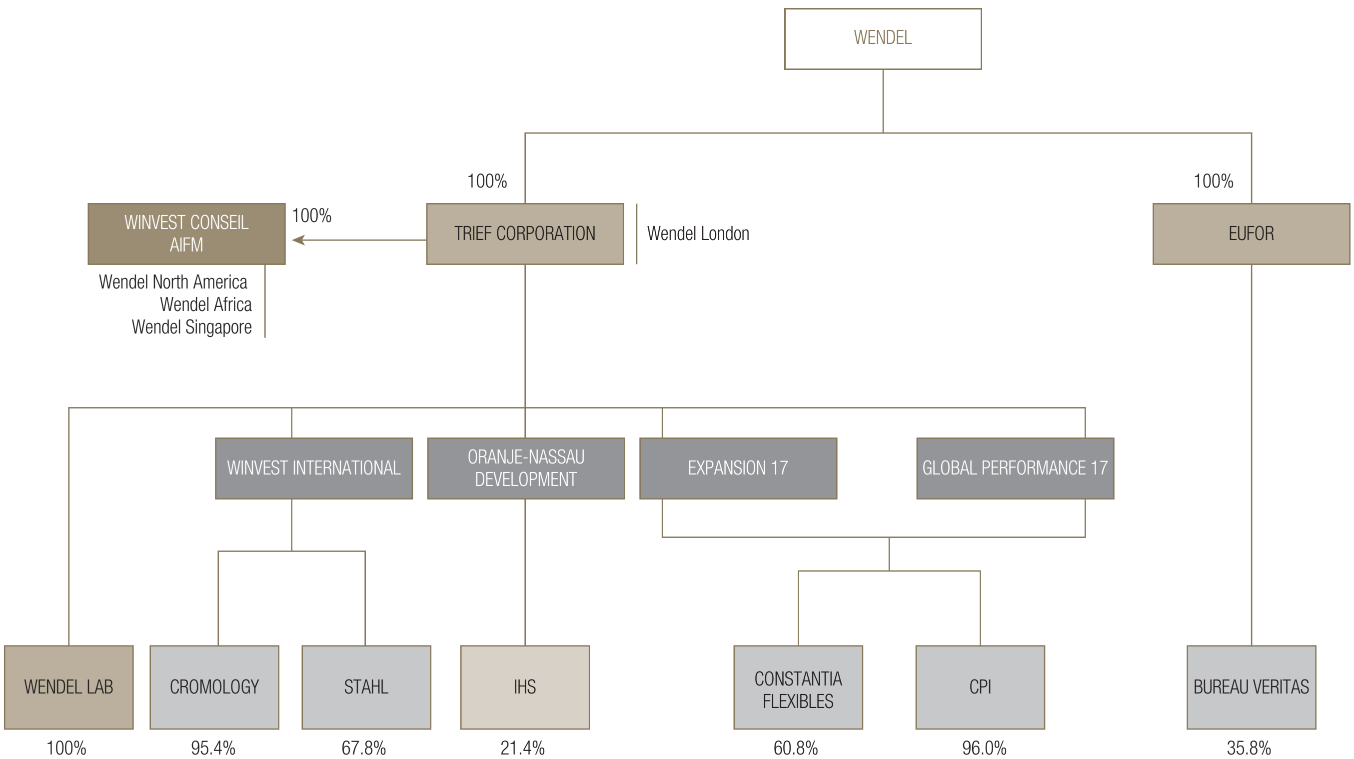
As NAV is a short-term valuation of the Group's assets, Wendel's future operating expenses do not enter into the calculation. Similarly, future tax effects are not included so long as the sale price of an investment and the form of the sale (in particular the tax consequences) are not both known and certain.

The number of Wendel shares taken into account in the calculation of NAV per share is the total number of shares composing Wendel's equity at the valuation date.

Assets and liabilities denominated in a foreign currency are converted at the exchange rate prevailing on the date of the NAV calculation. If several exchange rates exist, the rate used for the preparation of the consolidated financial statements is applied.

Some aspects of the method described above may be amended if such a change produces a more faithful valuation. Any such changes would be announced by Wendel.

5.4 Simplified chart as of December 31, 2020



- Alternative Investment Fund Manager (AIFM) and advisory firms
- Reserved Alternative Investment Funds registered under Luxembourg law, held by Wendel and Group's managers (co-investment)
- Intermediary holdings
- Fully consolidated portfolio companies*
- Porfolio companies accounted for by the equity method*

** Percentage of interest net of treasury shares*

6

CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

6.1 Balance sheet – Statement of consolidated financial position

Assets

In millions of euros	Note	12/31/2020	12/31/2019
Goodwill, net	7 and 8	3,488.6	4,112.0
Intangible assets, net	7 and 9	1,692.3	1,769.0
Property, plant & equipment, net	7 and 10	1,109.0	1,291.3
Property, plant and equipment under operating leases	7 and 10	530.5	536.9
Non-current financial assets	7 and 14	320.8	480.4
Pledged cash and cash equivalents	7 and 13	0.4	16.6
Equity-method investments	7 and 11	225.2	294.0
Deferred tax assets	7	206.6	217.2
NON-CURRENT ASSETS		**7,573.4**	**8,717.5**
Assets and operations held for sale		**8.3**	**55.3**
Inventories	7	416.4	465.6
Trade receivables	7 and 12	1,375.3	1,697.4
Contract assets (net)	7	232.1	226.0
Other current assets	7	327.5	354.5
Current income tax assets	7	61.0	68.0
Other current financial assets	7 and 14	311.9	367.0
Cash and cash equivalents	7 and 13	2,900.3	2,624.7
CURRENT ASSETS		**5,624.6**	**5,803.3**
TOTAL ASSETS		**13,206.3**	**14,576.0**

The notes to the financial statements are an integral part of the consolidated statements.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the investment in the Tsebo Group has been reclassified as "Assets and liabilities of discontinued operations or held for sale" at January 1, 2020 before exiting the scope at the end of December 2020. See notes 3 "Changes in scope of consolidation" and 18 "Discontinued operations and operations held for sale".

Liabilities

In millions of euros	Note	12/31/2020	12/31/2019
Share capital		178.9	178.7
Share premiums		55.3	53.3
Retained earnings & other reserves		2,033.6	1,791.5
Net income for the period – Group share		-264.1	399.7
SHAREHOLDERS' EQUITY – GROUP SHARE		2,003.7	2,423.1
Non-controlling interests		1,283.8	1,392.5
TOTAL SHAREHOLDERS' EQUITY	**15**	**3,287.5**	**3,815.6**
Provisions	7 and 16	453.4	456.1
Financial debt	7 and 17	5,312.9	5,896.7
Operating lease liabilities	7 and 17	448.4	458.2
Other non-current financial liabilities	7 and 14	283.9	454.9
Deferred tax liabilities	7	396.7	416.8
TOTAL NON-CURRENT LIABILITIES		**6,895.3**	**7,682.6**
Liabilities held for sale		**-**	**15.4**
Provisions	7 and 16	6.1	5.1
Financial debt	7 and 17	646.8	627.4
Operating lease liabilities	7 and 17	134.4	132.8
Other current financial liabilities	7 and 14	179.5	112.5
Trade payables	7	862.0	937.0
Other current liabilities	7	1,053.0	1,091.9
Current income tax assets	7	141.6	155.6
TOTAL CURRENT LIABILITIES		**3,023.6**	**3,062.3**
TOTAL EQUITY AND LIABILITIES		**13,206.3**	**14,576.0**

The notes to the financial statements are an integral part of the consolidated statements.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the investment in the Tsebo Group has been reclassified as "Assets and liabilities of discontinued operations or held for sale" at January 1, 2020 before exiting the scope at the end of December 2020. See notes 3 "Changes in scope of consolidation" and 18 "Discontinued operations and operations held for sale".

6.2 Consolidated income statement

In millions of euros	Note	2020	2019
Net sales	7 and 19	7,459.2	8,110.5
Other income from operations		6.2	16.4
Operating expenses		-6,940.3	-7,358.8
Gains/losses on divestments		-29.6	-3.4
Asset impairment		-170.5	-29.7
Other income and expense		-24.6	-9.3
Operating income	**7 and 20**	**300.3**	**725.7**
Income from cash and cash equivalents		9.1	4.6
Finance costs, gross		-250.1	-249.5
Finance costs, net	**7 and 21**	**-241.0**	**-244.9**
Other financial income and expenses	7 and 22	1.0	-23.1
Tax expense	7 and 23	-126.7	-249.1
Net income (loss) from equity-method investments	7 and 24	-63.5	-78.2
Net income before income from discontinued operations and operations held for sale		**-129.8**	**130.3**
Net income from discontinued operations and operations held for sale	18	-101.2	495.3
Net income		**-231.0**	**625.6**
Net income – non-controlling interests		33.1	225.8
NET INCOME – GROUP SHARE		**-264.1**	**399.7**

In euros	Note	2020	2019
Basic earnings per share	25	-6.03	8.98
Diluted earnings per share	25	-6.07	8.95
Basic earnings per share from continuing operations	25	-5.07	-6.14
Diluted earnings per share from continuing operations	25	-5.10	-6.13
Basic earnings per share from discontinued operations	25	-0.96	15.12
Diluted earnings per share from discontinued operations	25	-0.96	15.08

The notes to the financial statements are an integral part of the consolidated statements.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the contribution of Tsebo to 2019 net income has been reclassified to a single line in the income statement: "Net income from discontinued operations and operations held for sale. In 2020, Tsebo's contribution and the impact on income related to its disposal were recognized in the net income from discontinued operations or operations held for sale. See notes 3 "Changes in scope of consolidation" and 18 "Discontinued operations and operations held for sale".

6.3 Statement of comprehensive income

In millions of euros	2020 Gross Amounts	2020 Tax effect	2020 Amounts	2019 Gross Amounts	2019 Tax effect	2019 Amounts
Items recyclable in net income						
Currency translation reserves(1)	-282.8	-	-282.8	74.6	-	74.6
Gains and losses on derivatives qualifying as hedges(2)	67.9	0.6	68.5	-8.0	-1.1	-9.1
Transfer to income statement of income previously recorded as equity(3)	-10.4	-	-10.4	-	-	-
Items non-recyclable in net income						
Gains and losses on financial assets through other comprehensive income	-	-	-	56.4	-	56.4
Actuarial gains and losses	-11.5	2.4	-9.1	-16.6	4.4	-12.1
INCOME AND EXPENSES RECOGNIZED DIRECTLY IN SHAREHOLDERS' EQUITY (A)	**-236.8**	**3.0**	**-233.8**	**106.4**	**3.3**	**109.7**
Net income for the period (B)	-	-	-231.0	-	-	625.6
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)	**-**	**-**	**-464.8**	**-**	**-**	**735.1**
Attributable to:						
■ Wendel shareholders	-	-	-339.9	-	-	473.0
■ Non-controlling interests	-	-	-124.9	-	-	262.1

(1) This item includes the contribution of Bureau Veritas for €197.8 million.
(2) This item includes €66.5 million related to the change in the fair value of cross currency swaps implemented at Wendel SE (see note 6 -5.1 "Managing currency risk – Wendel").
(3) This item includes €-17.0 million as a result of recycling cross currency swaps set up at Wendel SE (see note 6-5.1 "Managing currency risk – Wendel") and +€6.6 million in recycling of operational derivatives at Constantia Flexibles.

The notes to the financial statements are an integral part of the consolidated statements.

6.4 Statement of changes in shareholders' equity

In millions of euros	Number of outstanding shares	Share capital	Share premiums	Treasury shares	Retained earnings & other	Cumulative translation adjustment	Group share	Non-controlling interests	Total share-holders' equity
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2018	**45,267,567**	**185.1**	**50.9**	**-355.8**	**2,512.3**	**-232.2**	**2,160.4**	**1,146.1**	**3,306.4**
Effects of the application of new IFRS 16 and IFRIC 23 standards and interpretations	-	-	-	-	-31.3	-	-31.3	-54.2	-85.5
ADJUSTED SHAREHOLDERS' EQUITY AS OF JANUARY 1, 2019	**45,267,567**	**185.1**	**50.9**	**-355.8**	**2,481.0**	**-232.2**	**2,129.0**	**1,091.9**	**3,221.0**
Income and expenses recognized directly in shareholders' equity (A)	-	-	-	-	38.5	34.8	73.3	36.4	109.7
Net income for the period (B)	-	-	-	-	399.7	-	399.7	225.8	625.6
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)[1]	**-**	**-**	**-**	**-**	**438.2**	**34.8**	**473.0**	**262.1**	**735.1**
Dividends paid[2]	-	-	-	-	-123.7	-	-123.7	-175.0	-298.7
Movements in treasury shares	-1,541,214	-6.6	-	-190.3	-	-	-196.8	-	-196.8
Capital increase							-		
■ Exercise of stock options	20,950	0.1	-0.1	-	-	-	-	-	-
■ Company savings plan	26,055	0.1	2.4	-	-	-	2.5	-	2.5
Share-based payments	-	-	-	-	109.4	-	109.4	15.2	124.6
Changes in scope of consolidation	-	-	-	-	-14.0	-0.7	-14.6	230.6	216.0
Other	-	-	-	-	44.3	-	44.3	-32.4	11.9
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2019	**43,773,358**	**178.7**	**53.3**	**-546.0**	**2,935.3**	**-198.1**	**2,423.1**	**1,392.5**	**3,815.6**
Income and expenses recognized directly in shareholders' equity (A)	-	-	-	-	50.4	-126.3	-75.9	-157.9	-233.8
Net income for the period (B)	-	-	-	-	-264.1	-	-264.1	33.1	-231.0
TOTAL INCOME AND EXPENSES RECOGNIZED FOR THE PERIOD (A)+(B)[1]	**-**	**-**	**-**	**-**	**-213.6**	**-126.3**	**-339.9**	**-124.8**	**-464.8**
Dividends paid[2]	-	-	-	-	-122.6	-	-122.6	-18.4	-141.0
Movements in treasury shares	8,285	-	-	1.0	-	-	1.0	-	1.0
Capital increase							-		
■ exercise of stock options	-	-	-	-	-	-	-	-	-
■ exercise of the Company savings plan[3]	36,811	0.2	2.0	-	-	-	2.2	-	2.2
Share-based payments	-	-	-	-	21.1	-	21.1	15.3	36.4
Changes in scope of consolidation	-	-	-	-	-1.3	-	-1.3	-2.1	-3.4
Other[4]	-	-	-	-	19.9	-	19.9	21.4	41.3
SHAREHOLDERS' EQUITY AS OF DECEMBER 31, 2020	**43,818,454**	**178.9**	**55.2**	**-545.1**	**2,638.8**	**-324.4**	**2,003.7**	**1,283.8**	**3,287.5**

(1) See "Statement of comprehensive income".
(2) The dividend paid by Wendel in 2020 was €2.80 per share, for a total of €122.6 million. In 2019, Wendel paid a dividend of €2.80 per share, for a total of €123.7 million.
(3) See note 15 "Equity".
(4) Other variations notably include the impact of changes in value of minority puts.

The notes to the financial statements are an integral part of the consolidated statements.

6.5 Consolidated cash flow statement

In millions of euros	Note	2020	2019
Net income		-231.0	625.6
Share of net income/loss from equity-method investments		63.4	78.2
Net income from discontinued operations and operations held for sale		103.4	-604.1
Depreciation, amortization, provisions and other non-cash items		849.3	738.4
Elimination of investment, financing and tax results		394.5	535.3
Cash flow from consolidated companies before tax		**1,179.6**	**1,373.3**
Change in working capital requirement related to operating activities		219.0	51.2
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX	**7**	**1,398.6**	**1,424.5**
Acquisition of property, plant & equipment and intangible assets	26	-219.3	-276.3
Disposal of property, plant & equipment and intangible assets	27	14.6	10.4
Acquisition of equity investments	28	-1.8	-601.7
Disposal of equity investments	29	191.0	1,289.1
Impact of changes in scope of consolidation and of operations held for sale	18 and 30	-26.8	28.6
Dividends received from equity-method investments and unconsolidated companies		0.2	7.5
Changes in other financial assets and liabilities and other	31	32.7	-31.6
Change in working capital requirements related to investment activities		-10.9	-19.7
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX	**7**	**-20.2**	**406.3**
Capital increase		2.2	2.5
Contribution of non-controlling shareholders		2.1	14.5
Treasury share buybacks		**6.4**	**-183.7**
■ Wendel		1.0	-197.2
■ Subsidiaries		5.5	13.4
Dividends paid by Wendel		-122.6	-123.7
Dividends paid to non-controlling shareholders of subsidiaries		-18.4	-98.1
New borrowings	32	1,045.9	1,220.8
Repayment of borrowings	32	-1,402.5	-2,210.6
Repayment of lease liabilities and interest	32	-158.8	-148.7
Net finance costs		-212.8	-276.4
Other financial income/expense	33	-19.7	-235.6
Change in working capital related to financing activities		-0.9	7.3
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX	**7**	**-879.1**	**-2,031.6**
Current tax expense		-200.0	-252.3
Change in tax assets and liabilities (excl. deferred taxes)		-2.2	-20.3
NET CASH FLOWS RELATED TO TAXES	**7**	**-202.2**	**-272.7**
Effect of currency fluctuations		-37.5	-
Reclassified cash and cash equivalents		-	-0.7
NET CHANGE IN CASH AND CASH EQUIVALENTS		**259.5**	**-474.2**
Cash and cash equivalents at beginning of period		2,641.3	3,098.9
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**13**	**2,900.8**	**2,624.7**

The notes to the financial statements are an integral part of the consolidated statements.

The principal components of the consolidated cash flow statement are detailed in Notes 26 *et seq.*

Details on the cash and cash equivalents accounts and how they are classified on the consolidated balance sheet are shown in Note 13 "Cash and cash equivalents".

In accordance with IFRS 5, at the date of classification of companies as "Operations held for sale or discontinued operations", the cash of these companies is reclassified to the line "Impact of changes in scope of consolidation and operations held for sale". Accordingly, Tsebo's cash position was reclassified under "Impact of changes in the scope of consolidation and operations held for sale" at January 1, 2020 (see note 18 "Discontinued operations and operations held for sale").

6.6 General principles

Wendel is a European company with an Executive Board and a Supervisory Board, governed by European and French laws and regulations that are, or will be, in force. The Company is registered in the Paris Trade and Company Register (*Registre du commerce et des sociétés*) under number 572,174,035. Its head office is located at 89 rue Taitbout, Paris, France.

Its business consists in investing for the long term in industrial and service companies, in order to accelerate their growth and development.

As of December 31, 2020, the Wendel Group was primarily comprised of:

- fully consolidated operating companies: Bureau Veritas (35.8% net of treasury shares), Cromology (95.4%), Stahl (67.8%), Constantia Flexibles (60.8%) and CPI (96%);
- an operating company accounted by the equity method: IHS (21.4%);
- Wendel and its fully consolidated holding companies.

The consolidated financial statements of the Wendel Group cover the 12-month fiscal year from January 1 to December 31, 2020 and are expressed in millions of euros. They include:

- the balance sheet (statement of financial position);
- the income statement and the statement of comprehensive income;
- the statement of changes in shareholders' equity;
- the cash flow statement; and
- the notes to the financial statements.

Each accounting item in these financial statements includes the contribution of all of the Group's fully consolidated companies. However, each of Wendel's subsidiary companies is managed independently under the responsibility of its own executive management. It is therefore important to analyze subsidiaries' individual performance using relevant aggregate accounting data for their respective business activities. Aggregate data for each fully-consolidated subsidiary are presented in Note 7 "Segment information", which shows the contribution of each subsidiary to the income statement, balance sheet, and cash flow statement. Aggregate accounting data for equity-method investments are set out in Note 11 "Equity-method investments." An analysis of the Group's overall performance by business activity is provided in Note 7 "Segment information", which details recurring net income by business activity and non-recurring net income. There is no financial recourse between the different operating subsidiaries or from the operating subsidiaries to Wendel or its holding companies (see note 6-2.2 "Liquidity risk of operating subsidiaries"). The debt positions of the fully-consolidated subsidiaries, and of Wendel and its holding companies, are presented individually in Note 6-2.1 "Managing the liquidity risk of Wendel and its holding companies."

These financial statements were finalized by Wendel's Executive Board on March 10, 2021 and will be submitted for shareholders' approval at the Shareholders' Meeting.

6.7 Notes to the financial statements

NOTE 1 Accounting principles

Wendel's consolidated financial statements for the fiscal year ended December 31, 2020 have been prepared in accordance with IFRS (International Financial Reporting Standards) principles and methods as adopted by the European Union on December 31, 2020, in accordance with Regulation No. 1606/2002 of the European Council and the European Parliament pertaining to the application of international accounting standards, adopted on July 19, 2002.

The consolidated financial statements for the year ended December 31, 2020 were prepared using the same accounting methods as those used for the year ended December 31, 2019.

The use of the new standards, amendments and interpretations that entered into force on January 1, 2020 had no significant impact on the Group's financial statements.

The new standards, amendments or mandatory IFRIC interpretations for periods starting from January 1, 2021 have not been early applied as of December 31, 2020.

The accounting principles are available from the European Commission's website:

https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_en

Note 1-1 Methods of consolidation

The companies over which Wendel has exclusive control are fully consolidated. Companies over which Wendel has significant influence or joint control have been accounted for using the equity method. Net income of acquired subsidiaries is consolidated from their acquisition date, while net income of divested subsidiaries is consolidated up to their divestment date or closest reporting date.

Note 1-2 Financial statements used as the basis for consolidation

Wendel's consolidated financial statements have been prepared on the basis of:

- the consolidated financial statements for the year ended December 31, 2020 of Bureau Veritas, Constantia Flexibles, Cromology, IHS, Stahl, and CPI;
- Tsebo's financial statements up to June 30, 2020, the date of the last available report; and
- for all other companies, their individual financial statements for the 12-month fiscal year ended December 31, 2020.

Financial information relating to these subsidiaries and associates has been prepared in accordance with IFRS recognition and measurement rules.

Significant changes in the Group's scope of consolidation for fiscal year 2020 are presented in Note 3 "Changes in scope of consolidation". The main subsidiaries consolidated as of December 31, 2020 are presented in Note 38 "List of principal consolidated companies".

Note 1-3 Business combinations

IFRS 3 "Business combinations", and IAS 27 "Consolidated and separate financial statements", revised, applicable since January 1, 2010, affect the accounting for transactions that lead to the taking of control, or partial sales that lead to a loss of control:

- specifically: ancillary transaction costs are recognized in operating income for the period; price adjustments are initially recognized at their fair value, and future fluctuations in their value are recognized in operating income;
- when control is obtained, non-controlling interests are recognized either in proportion to their share in the fair value of the assets and liabilities of the acquired entity, or at their fair value. A proportion of goodwill is also allocated to non-controlling interests at that time. This choice is made on a case-by-case basis for each acquisition;
- purchases and sales of shares in controlled companies that do not lead to the assumption or loss of control are recognized as transfers between the Group share of consolidated shareholders' equity and the share held by non-controlling interests. There is no impact on profit or loss;
- non-controlling interests may become negative because since net income or loss of a subsidiary is allocated between the Group share and the non-controlling interests' share, according to their respective equity interests; and
- in the event of a takeover of an entity in which the Group already holds an interest, the transaction is analyzed as a dual transaction: on the one hand, as a divestment from the entire investment previously held with recognition of the gain on consolidated investments, and on the other hand, as an acquisition of all the shares with recognition of goodwill on the entire investment. In the event of a partial divestment with loss of control (but with a non-controlling investment retained) the transaction breaks down into a divestment and an acquisition: divesting from the entire investment with a calculation of a consolidated investment gain plus the acquisition of a non-controlling interest which is then recorded at its fair value.

Note 1-4 Commitments to buy non-controlling interests of consolidated subsidiaries

When the Group has made firm or conditional commitments to non-controlling shareholders in consolidated subsidiaries to buy their stakes, a financial liability is recognized in an amount corresponding to the estimated present value of the purchase price.

As of December 31, 2020, in the absence of any specific IFRS guidance, this financial liability was offset:

- firstly, by eliminating the carrying amount of the corresponding non-controlling interests;
- secondly, by reducing the Group share of shareholders' equity as follows: the difference between the estimated value of the purchase commitment and the carrying amount of non-controlling interests is deducted from the Group share of retained earnings and other reserves. This balance is adjusted at the end of each accounting period to reflect changes in the estimated exercise price of the purchase commitments and the carrying amount of the non-controlling interests.

This has no impact on the consolidated income statement, barring subsequent changes to standards and interpretations.

Note 1-5 Inter-Group asset sales and transfers

Gains and losses on the sale or transfer of assets between consolidated companies have been eliminated from income and the assets have been maintained at their initial value, except in the event of losses deemed permanent, for which an impairment charge is recognized on the income statement.

Note 1-6 Conversion of the financial statements of foreign companies whose functional currency is not the euro

Wendel presents its financial statements in euros.

The balance sheets of foreign companies whose functional currency is not the euro have been converted into euros at the exchange rate prevailing at the closing date, and their income statements converted at the average exchange rate for the fiscal year or consolidation period. The discrepancy between the opening and closing balance sheets, as well as that resulting from the application of these exchange rates are carried in consolidated reserves under "translation adjustments" until the assets and liabilities and all the foreign currency operations related to them are sold or liquidated. In this case currency translation differences are written back either on the income statement if the operation leads to a loss of control, or directly as a change in shareholders' equity in the case of a change in non-controlling interests without a loss of control.

The principal exchange rates used in the consolidated financial statements are as follows:

	Closing rate		Average rate	
	2020	**2019**	**2020**	**2019**
EUR/USD	1.2271	1.1234	1.1396	1.1194

Note 1-7 Use of estimates

The preparation of financial statements in accordance with IFRS requires the use of estimates and assumptions that affect the amounts reported in such financial statements. These estimates and assumptions are based on Wendel's and its subsidiaries' appreciation of the facts and circumstances existing at the balance sheet date, as well as on information available on the date the accounts were finalized. They are established on the basis of the past experience of the management of the Group or its subsidiaries and various other factors deemed reasonable (such as market data or the work of an independent appraiser, etc.) and are reviewed on a regular basis. The uncertainty has complicated forecasting, and actual amounts could therefore be different from the forecasts.

Estimates and assessments made in order to prepare these financial statements concern in particular, for the most significant elements, goodwill, impairment tests on goodwill and equity-method investments, provisions, deferred taxes, derivatives, valuation of purchase commitments of non-controlling interests, and the treatment of co-investments.

Note 1-8 Measurement rules

Note 1-8.1 Goodwill

Goodwill represents the difference between the cost of acquiring a company and the Group's share of the fair value of its net assets, liabilities, and identifiable contingent liabilities on the date of acquisition. The identifiable assets and liabilities of the acquired company that meet the IFRS recognition criteria are recognized at their fair value at the date of the acquisition. Adjustments in the fair values of assets and liabilities acquired as part of business combinations and initially recognized on the basis of temporary values (because of ongoing appraisals or outstanding additional analyses) are recognized as retroactive goodwill adjustments if they occur within 12 months after the acquisition date. Thereafter, such adjustments are recognized directly on the income statement unless they are made in correction of errors. The revised version of IFRS 3 "Business combinations" provides that goodwill may be applied to non-controlling interests, if the Group so chooses. Goodwill is presented, where applicable, net of any cumulative recognized loss in value.

Goodwill is not amortized, but is instead tested for impairment at least once per year, on December 31, or more frequently if there is any indication that it may be impaired. Indications of impairment may include a significant or prolonged decline in the share price of a listed company, a shortfall in net income compared with the budget or a deterioration in the sector environment in which a company operates. For impairment tests, goodwill is broken down by Cash-Generating Units (CGU). Each operating subsidiary (Bureau Veritas, Constantia Flexibles, Cromology, Stahl and CPI) corresponds to a CGU. Goodwill impairment losses are recognized on the income statement under "Impairment of assets" and cannot be reversed.

Whenever an operating subsidiary identifies an impairment loss on a CGU recognized within its scope of consolidation (and not recognized at the level of the Wendel Group), this loss is maintained at the level of Wendel's consolidation, with this being the case even if the analysis conducted by Wendel on the subsidiary's goodwill does not show any impairment. This stance has been taken to allow Wendel to recognize unrealized losses as soon as they appear, as they would inevitably be recognized anyway if the subsidiary were to sell the CGU showing such losses.

Goodwill pertaining to equity-method investments is included in the carrying amount of these companies and therefore not presented separately (IAS 28 "Investments in Associates and Joint Ventures", s.23). It is therefore not subject to a separate impairment test, as the value of equity-method investments is subject to a separate test, goodwill included. Hence, as regards equity-method shareholdings, in the event of an improvement in their value justifying an impairment writeback, the portion of the impairment pertaining to goodwill is also written back. Impairment losses and the gain or loss on divestments and dilution are recognized in the income statement under "Net income (loss) from equity-method investments".

Impairment tests on goodwill and equity-method investments are described in Notes 8 "Goodwill" and 11 "Equity-method investments".

Note 1-8.2 Intangible assets

1. Brands of the Bureau Veritas, Cromology and CPI Groups

These brands have been valued using the relief-from-royalty approach, which consists in discounting to perpetuity royalty cash flows determined at a theoretical rate based on net sales generated by the brands. The brands are considered as having an indefinite useful life as there is no foreseeable time limit on their potential to generate cash flow. They are therefore not amortized but are tested for impairment on an annual basis.

The brands of the Bureau Veritas Group's subsidiaries have been amortized over a period of 5-15 years. Only those brands identified at the Wendel Group level when Wendel acquired control of Bureau Veritas are considered to have an indefinite life.

2. Contracts and customer relationships of the Bureau Veritas, Constantia Flexibles, Cromology, Stahl and CPI Groups

The valuation of these contracts and customer relationships equals the margin expected to be generated over the residual lives of contracts in force at the date Wendel assumed control, taking into account contract renewal rates where such renewals are considered probable based on historical statistical data. These contracts and client relationships are amortized over the period used for the calculation of each contract category (from 5 to 23 years, depending on the contract and subsidiary).

Note 1-8.3 Other intangible assets

The cost of developing software intended for internal use and other development costs have been capitalized when it is likely that these expenditures will generate future economic benefits. These costs are then amortized over the asset's estimated useful life.

Note 1-8.4 Property, plant & equipment

Property, plant & equipment are recognized at their historical cost, determined at the time of acquisition of these assets or at fair value in the event of a business combination. Historical cost includes all costs directly attributable to the acquisition or construction of the assets concerned, in particular borrowing costs that are directly attributable to the acquisition or production of the property, plant & equipment during the accounting period prior to being brought into service.

Property, plant & equipment other than land and investment properties are depreciated on a straight-line basis over a period corresponding to their probable useful life. The depreciation basis for property, plant & equipment is its historical cost less the residual value, *i.e.* the value expected at the end of the asset's useful life, after allowing for any divestment costs.

The useful life duration utilized for buildings is from 10 to 50 years; and, from 3 to 10 years, for industrial facilities as well as for equipment and tooling.

Note 1-8.5 Leases

For lessees, the application of IFRS 16 "Leases" results in the recognition of leases in the balance sheet through an asset (representing the right to use the underlying asset during the lease term) and a corresponding liability (representing the obligation to pay fixed rents). The new standard eliminates the distinction between operating leases and finance leases.

In accordance with the simplification provided for in IFRS 16, the Group has applied the new standard to leases identified in accordance with the definition of the previous standards IAS 17 and IFRIC 4, without reassessing the qualification of contracts in progress at January 1, 2019.

The lease liability is the present value of remaining lease payments. Future payments were discounted on the basis of the marginal debt ratios of the subsidiaries according to the residual term of their contracts.

The Group opted for the exemption offered by IFRS 16 for short-term and low-value leases (assets with a unit value of less than €5,000). Rents on these leases are therefore still recognized as operating expenses. For the first-time application in 2019, the Group also chose not to recognize leases with a remaining term of less than 12 months, in accordance with IFRS 16.

In assessing the lease term, the Group has taken the non-cancellable period of each contract and any extension option that the Group is reasonably certain to exercise and any termination option that the Group is reasonably certain not to exercise.

Note 1-8.6 Depreciation and amortization of fixed assets

In accordance with IAS 36 "Impairment of assets", the value in use of property, plant & equipment, and intangible assets is tested when there is an indication of impairment. These tests are performed either when there is an indication of a loss of value, or once a year for assets having indefinite useful lives, which in Wendel's case is limited to goodwill and brands. Impairment losses are recognized on the income statement under "Impairment of assets".

Note 1-8.7 Financial assets and liabilities

Financial assets include investments in unconsolidated companies, operating receivables, debt securities, marketable securities, derivatives, and cash. Financial liabilities include borrowings, other funding sources and bank overdrafts, derivatives, operating liabilities, and certain liquidity commitments on the Group's shares held by certain co-shareholders (see note 34-5 "Shareholder agreements and co-investment mechanisms").

In accordance with the principles of IFRS 9 "Financial Instruments", financial assets are recognized and measured either at fair value through profit or loss, at fair value through other comprehensive income or at amortized cost. The classification and measurement are based on the characteristics of the instrument and the management objective for which the relevant assets were acquired.

1. Financial assets at fair value through profit or loss

Equity instruments held for trading purposes or for which the Group has elected not to use the "fair value through other comprehensive income" classification are measured at fair value through profit or loss.

2. Financial assets at fair value through other comprehensive income

IFRS 9 permits the irrevocable election at initial recognition to present changes in the fair value of an equity instrument not held for trading through other comprehensive income. The choice is made for each individual instrument and for each new acquisition depending on the Group's management intention.

Equity instruments recognized in this account include strategic and non-strategic investments.

At initial recognition, these assets are measured at fair value, which generally corresponds to their acquisition cost plus transaction costs. At closing dates, for publicly traded instruments, the fair value is determined based on the share price on the closing date. For unlisted securities, fair value is measured using valuation models based primarily on the most recent market transactions, discounted dividend or cash flow streams, or the value of net assets.

Unrealized gains and losses on these financial assets are recognized directly in equity until the financial asset is sold or cashed in, at which time the accumulated gain or loss is transferred to consolidation reserves and is not reclassified in the income statement. Dividends from such investments are recognized in profit or loss unless the dividend clearly represents the recovery of a portion of the investment cost.

3. Financial assets measured at amortized cost

Financial assets are measured at amortized cost if they are held solely with a view to collecting contractual cash flows serving to repay principal and meet interest payments on the outstanding principal.

They consist of loans and receivables related to investments, deposits and guarantees, trade receivables and other current receivables. These financial assets are shown in the balance sheet under "Non-current financial assets", "Trade receivables" and "Other current financial assets". They are initially recognized at fair value and then at amortized cost calculated using the effective interest rate method. Net gains and losses on loans and receivables correspond to interest income and provisions.

4. Financial liabilities

With the exception of derivative instruments and financial liabilities relating to liquidity commitments on the Group's shares held by certain co-shareholders (see note 34-5 "Shareholder agreements and co-investment mechanisms"), all borrowings and other financial liabilities are stated at amortized cost using the effective interest rate method.

5. Derivatives

Derivatives are measured at fair value. Gains and losses arising from changes in the fair value of derivatives are recognized in the income statement, apart from certain exceptions set out below.

Derivatives can be designated as hedges of fair value, future cash flow or net investment value:

- fair value hedges are used to offset changes in the fair value of a recognized asset or liability due to shifts in exchange rates, interest rates or other benchmarks;
- cash flow hedges are used to hedge changes in future cash flows from a present or future asset or liability. Wendel and its subsidiaries use cash flow hedges to offset shifts in foreign exchange rates, interest rates and commodity prices;
- hedges of net investments in operations in a foreign market help offset fluctuations in value due to translation into the reporting currency used by the parent company in its consolidated financial statements. Financial debt denominated in the operating currency of the hedged investment can be designated as an investment hedge when the hedge has been recognized as such for accounting purposes.

A hedging relationship qualifies for hedge accounting if:

- the hedging relationship is clearly defined and documented at the inception; and if
- the effectiveness of the hedging relationship can be demonstrated from the outset and throughout its term.

The use of hedge accounting has the following consequences:

- for hedges used to offset changes in the fair value of a recognized asset or liability, the hedged item is measured at fair value in the balance sheet. Changes in the fair value of the hedged item are recognized on the income statement and are offset by symmetrical changes in the fair value of the hedging instrument to the extent that the hedge is effective;
- the effective portion of changes in the fair value of derivatives that are designated as, and qualify for, cash flow hedges is recognized directly in shareholders' equity. The gain or loss from the ineffective portion is recognized on the income statement. Amounts accumulated in shareholders' equity are passed through the income statement in the same periods as the corresponding hedged items, or are written back against the acquisition cost of the assets in which the financial risk related to the acquisition price was hedged; and
- in a similar way to cash flow hedges, changes in the fair value of the derivative financial instrument are recognized net of tax in other comprehensive income for the effective portion attributable to the hedged currency risk and in profit or loss for the ineffective portion of the derivative. Cumulative gains and losses in shareholders' equity are recognized on the income statement when the foreign business is sold.

Derivatives are measured using the Group's mathematical models, as well as by independent appraisers, and/or the Group's counterparties.

Note 1-8.8 Methods of measuring the fair value of financial instruments

In accordance with the amendment to IFRS 7 "Financial Instruments: Disclosures" (March 2009), the tables in Note 14 "Financial assets and liabilities" present the Group's assets and liabilities that are measured at fair value, based on their method of measurement. These methods are defined as follows:

- level 1: unadjusted, listed prices of identical instruments on an active market;
- level 2: observable data other than the listed prices referred to in level 1, either directly (such as a price), or indirectly (calculated from another price); and
- level 3: fair values that are not determined on the basis of observable market data.

During fiscal year 2020, there were no transfers between levels 1 and 2, or transfers to or from level 3, of fair value measurements of financial instruments.

Note 1-8.9 Inventories

Inventories have been stated at the lower of cost or net realizable value. Production cost includes the costs of raw materials, direct labor, and any operating costs that can reasonably be associated with production.

Note 1-8.10 Cash and cash equivalents and pledged cash and cash equivalents accounts

Cash is comprised of cash at banks.

In accordance with IAS 7 "Statement of cash flows", cash equivalents are short-term, highly liquid investments that are readily convertible into a known amount of cash, subject to an insignificant risk of a change in value and intended to cope with short-term cash needs. Cash equivalents include euro-denominated, money-market mutual funds and deposit accounts with initial maturities less than or equal to three months. They are measured at their fair value at the balance sheet date.

Pledged cash and cash equivalents are presented as non-current assets, as they are not immediately available.

Note 1-8.11 Provisions

In accordance with IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is recognized when the Group has an obligation with respect to a third party as a result of a past event for which it is probable or certain that there will be an outflow of resources to that third party, without at least an equivalent inflow from that third party. Provisions for restructuring costs are recognized only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed, formal plan.

Provisions are discounted on the basis of the estimated duration of the obligation. The impact of this discounting is recalculated at each balance sheet date, and the related adjustment is recognized on the income statement under "Other financial income and expense".

Note 1-8.12 Provisions for employee benefits

Defined-contribution plans: contributions are recognized as operating expenses.

Defined-benefit plans: the present value of statutory retirement bonuses and supplementary pension benefits payable to active and retired employees is calculated using the projected unit credit method. The obligation is determined at each balance sheet date taking into account the age of the Company's employees, their length of service, and the likelihood that they will remain at the Company until they retire. The calculation is based on an actuarial method using assumptions relating to the yield on long-term investments. The funding provision corresponds to the difference between the total obligation as set out above and any assets invested with insurance companies to cover these obligations.

Actuarial gains and losses are recorded under shareholders' equity as soon as they are recognized.

Note 1-8.13 Deferred taxes

In accordance with IAS 12 "Income taxes", deferred taxes are recognized for timing differences between the carrying amounts of assets and liabilities and their tax base.

Tax-loss carryforwards are recognized as deferred tax assets when it is likely that they can be offset against tax on future earnings or when they can be offset by deferred tax liabilities of an equal or higher amount. In application of this principle, no tax-loss carryforwards of the Wendel tax Group were recognized as assets on the balance sheet.

Regarding subsidiaries and equity-method investments, a deferred tax liability is recognized for all timing differences between the carrying amount of the related shares and their tax base, unless:

- the Group is able to control the date of the reversal of the timing difference; and
- it is probable that the timing difference will not reverse itself in the foreseeable future.

Deferred taxes are recorded using the liability method. According to this method the assets and liabilities of deferred taxes are recognized according to their estimated future tax impact resulting from discrepancies between the book value of the assets and liabilities existing in the consolidated financial statements and their respective tax base. Deferred tax assets and liabilities are valued by applying the tax rate that will be in effect during the year in which temporary differences are expected to be recovered or settled. The effect of any change in tax rates on deferred tax assets and liabilities is recognized in income for the period in which the rate changes apply.

Note 1-8.14 Treasury shares

All treasury shares held by the Group are stated at their acquisition cost as a deduction from shareholders' equity. Proceeds from any sales of treasury shares are credited directly to shareholders' equity. Divestment gains or losses therefore have no impact on income for the fiscal year.

Note 1-8.15 Non-current assets held for sale and discontinued operations

An asset or Group of assets is classified as held for sale if its carrying amount will be recovered mainly through a sale transaction rather than through continued use, and when its sale is highly probable. Depreciation on these assets ceases when the asset has been classified as held for sale, and a provision is recognized if the asset's residual carrying amount exceeds its likely realizable value, reduced for selling costs.

A business is considered as discontinued operations when it meets the criteria of assets held for sale. Assets and liabilities of these businesses are presented on a separate line in the balance sheet of the current fiscal year, and the net income or loss they generate is presented on a separate line in the income statement (including fiscal years presented for comparison). Net income or loss from discontinued operations includes, where applicable, any divestment gains or losses or any impairment losses recognized for the business.

Note 1-8.16 Revenue recognition

The recognition of revenue from contracts with customers reflects both the percentage of completion of the performance obligations corresponding to the transfer to a customer of control of a good or service and the amount that reflects the sum that the entity expects to receive as consideration for those goods or services.

At the Bureau Veritas Group, most contracts are short-term. For these contracts, Bureau Veritas recognizes income when the service has been provided to the customer. For other contracts, Bureau Veritas uses the percentage-of-completion method to determine the amount to be recognized under net sales during a given period, insofar as the income from contracts can be reliably determined. The percentage of completion is determined for each contract by reference to the costs incurred at the balance sheet date, compared to the total estimated costs to execute the entire contract. The increment of this percentage, applied to the total forecast income from the contract, represents the profit margin recognized in the period. In the event of a forecast negative margin, provisions are recognized immediately for the entire contract.

Note 1-8.17 Translation of foreign currency transactions

Transactions denominated in foreign currencies are translated into euros using the exchange rates prevailing at the dates of the transactions. Receivables and payables in foreign currencies are translated into euros at the exchange rate prevailing at the balance sheet date. Exchange differences resulting from the translation of receivables and payables in currencies other than euros are recognized on the income statement under "Other financial income and expense".

In the event of hedges of a net investment in a foreign business (see above, "Derivatives"), the portion of the gain or loss on a hedging instrument covering a net investment in a foreign business that is considered to be an effective hedge is recognized directly in shareholders' equity. The ineffective portion is immediately recognized on the income statement.

Note 1-8.18 Stock subscription and stock purchase option plans

In accordance with IFRS 2 "Share-based payments", the Group recognizes an expense corresponding to the fair value of employee stock subscription options, purchase options, bonus shares, and performance shares at the grant date, with the corresponding offsetting entry being recognized under consolidated shareholders' equity. The expense is spread out over the options' vesting period.

In 2020, as in previous fiscal years, Wendel's plans were valued by an independent appraiser.

Note 1-8.19 Accounting treatment of mechanisms for the participation of management teams in the Group's investments

The co-investment mechanisms described in Note 5 "Participation of managers in Group investments" take the form of ownership by managers of various financial instruments, such as ordinary shares, index-based or preferred shares, warrants, etc.

These investments are redeemed upon divestment or an IPO, or after a pre-determined period of time. At this time, any investment gains which might arise are shared on the basis of whether or not Wendel's annual performance and cumulative profitability objectives have been met.

These investments are measured and accounted for based on the manner in which they will be redeemed, either as equity instruments under a divestment or an IPO, or in cash as part of Wendel's liquidity commitment, after a pre-determined period has elapsed.

Until the settlement method is not known with certainty, the investments are accounted for based on the settlement method determined as most likely.

When it is estimated the investments are most likely to be redeemed as equity instruments, the managers' initial investment is accounted for as non-controlling interests in proportion to their share of the total investment. On redemption, the dilution created by the sharing of the investments' value reduces the Group's capital gain. When the beneficiaries invest less than the fair value of the instruments subscribed or acquired, the initial benefit is recognized as an expense in the income statement.

When the investments are most likely to be redeemed in cash, under Wendel's repurchase commitments after the expiration of a pre-determined period, the initial investment is recognized as debt. This debt is later restated at its fair value until payment is made. The change in fair value is recognized on the income statement. When the investment is redeemed, the debt is paid off in cash. In addition, these co-investors are not considered minority shareholders from an accounting standpoint. Rather, their investment is consolidated in the Group's net income and consolidated reserves.

The most likely redemption method is determined at each balance sheet date, until the investments are redeemed. Should the most likely method change, the effects of the change are recognized in advance on the income statement. Hence, if the most likely redemption method were to be changed to cash, the amount recognized on the income statement at the time of the change would be the fully revalued amount of the instruments at that date.

Wendel believes that for the main co-investments in place in the Group at December 31, 2020, the most likely outcome will be a sale of the investments concerned or an initial public offering of these investments, with the exception of the first third of the liquidity of the co-investment of Wendel's current and former managers in IHS, which matures in 2021 (see note 5 "Participation of managers in Group investments"). Liquidity commitments under minority puts and co-investments, as well as the corresponding amounts recorded in financial liabilities, are set out in Note 34-5 "Shareholder agreements and co-investment mechanisms".

Note 1-9 Presentation rules

Note 1-9.1 Presentation of the balance sheet

An asset is classified as current when it meets any of the four following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Group's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- it is expected to be realized within 12 months after the balance sheet closing date; or
- it is cash or cash equivalent asset carrying no restriction on exchange or use in settlement of a liability for at least 12 months after the balance sheet date.

When the asset is in a pledged cash or cash equivalent account, the amount is recognized under non-current assets.

A liability is classified as current when it meets any of the four following criteria:

- it is expected to be settled in the Group's normal operating cycle; or
- it is held primarily for the purpose of being traded; or
- the liability is due to be settled within 12 months after the balance sheet date; or
- the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Note 1-9.2 Presentation of the income statement

"Operating income" includes income and expenses not resulting from financial activities, equity-method investments, discontinued activities, operations held for sale, and income tax.

Financial income and expenses include "Finance costs, net" and "Other financial income and expense", which include gains and losses on disposals of financial assets, impairment losses on financial assets, dividends paid by unconsolidated associates, changes in the fair value of "Financial assets at fair value through profit or loss", the impact of discounting receivables, liabilities or provisions, and foreign exchange differences.

Note 1-9.3 Income taxes: treatment of the CVAE tax

According to Wendel's analysis, the CVAE tax on value added meets the definition of an income tax, as defined in IAS 12.2 "Income taxes". IFRS Interpretations committee has effectively specified that in order to be included in the scope of IAS 12, a tax must be based on a net amount of income and expenses and this amount may be different from net accounting income. Wendel finds that the CVAE has the characteristics indicated in this conclusion, inasmuch as the value added constitutes the intermediate level of profit systematically used, in accordance with French tax rules, to determine the amount due under the CVAE.

The CVAE tax is therefore presented in the "Tax expense" line.

Note 1-9.4 Earnings per share

Basic earnings per share are calculated by dividing the Group's share of net income for the year by the average number of shares outstanding during the year.

Diluted earnings per share are calculated by dividing the Group's share of net income by the average number of shares outstanding during the year, adjusted according to the "treasury stock" method. According to that method, it is assumed that the cash received from the exercise of dilutive instruments will be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact. Dilutive instruments issued by subsidiaries are also included in determining the Group share of net income.

If the income statement presents income from divested businesses separately, earnings per share from continuing and discontinued operations are also presented separately.

NOTE 2 Effects of the COVID-19 pandemic on the financial statements at December 31, 2020

Faced with the public health crisis which the world has been dealing with for almost a year now, Wendel and its operating subsidiaries have implemented action plans to protect the health and safety of their employees, their families and their service providers, to ensure all essential operations continue without interruption, to limit the financial impact and to preserve financial liquidity.

Voluntary measures have been adopted to protect employees by introducing remote working for all employees of Wendel SE and its offices outside of France, along with measures for the monitoring of outstanding amounts due in order to provide financial support to suppliers.

The operating subsidiaries have also implemented monitoring policies throughout the world, including the proactive adjustment of their cost structures.

In 2020, the COVID-19 health crisis had a significant impact on the activities of the Wendel Group's subsidiaries. It has in fact been necessary to adapt working practices, including temporary site closures and the use of partial unemployment measures. These actions take the form both of a reduction in the level of business across most production sectors and of additional costs to combat and react to the pandemic (safety costs, crisis teams to ensure continuity of businesses and projects, etc.).

The additional costs generated by the pandemic have mainly been recorded in the income statement in operating expenses. Operating result also includes any government aid received, (excluding tax credits) which are recorded in the accounts in accordance with the principles of IAS 20 "Accounting for government grants and disclosure of government assistance", as well as any insurance payouts received.

Moreover, for Wendel's operating subsidiaries, the effects of the pandemic, in particular the lack of efficiency generated, are spread across the income statement as a whole and have not been isolated as there is no reliable way in which to do this.

The significant drop in global activity related to the COVID-19 crisis was taken into account in the impairment tests carried out at the end of the 2020 fiscal year (See note 8.1 "Goodwill impairment tests").

The operational difficulties encountered by operating subsidiaries have also had a noticeable impact on the liquidity situation of certain operating subsidiaries. The liquidity situation with regard to Wendel and its operating subsidiaries is set out in Note 6.2. "Managing liquidity risk."

Due to the consequences of this crisis, the operating subsidiaries have even had cause to reconsider their forecast losses on customer receivables. In a large number of cases, this exercise has required the use of judgment calls given the current climate of uncertainty. However, this revision of losses on receivables has not led to any material impact on the operating subsidiaries' financial statements.

As of the date of the finalization of the financial statements, the COVID-19 crisis has not had any other known material impact on the financial statements.

NOTE 3 Changes in scope of consolidation

Note 3-1 Changes in scope of consolidation in 2020

The scope of consolidation of Wendel Group is set out in Note 38 "List of principal consolidated companies as of December 31, 2020."

Note 3-1.1 Sale of Wendel's residual investment in Allied Universal

Wendel sold 79% of its investment in Allied Universal on December 13, 2019. In this context, Wendel lost its significant influence over this Group and its residual investment was recategorized as a financial asset recorded at fair value in the accounts (the variations in which are recorded under other items within the consolidated statement of comprehensive income). This fair value was based on the sale price. In accordance with IFRS accounting standards, this transaction led in 2019 to the recording of a €644.2 million accounting capital gain which covered the entire investment, including the residual part not yet sold.

On April 29, 2020, Wendel sold its residual stake in Allied Universal for an amount of $203.2 million, in line with the implicit valuation of the December 2019 transaction. This valuation having been accepted as the fair value of the residual stake as at the end of 2019, the divestment completed in April 2020 had no significant impact on the income and the other items of Wendel's comprehensive income statement, except on cash flow.

Note 3-1.2 Exit from Tsebo

Following the crisis caused by COVID-19 in South Africa, the Wendel Group transferred all of its stake in Tsebo to a South African consortium of investors and to the management to ensure the strengthening of this Group's balance sheet. The only consideration for this transfer was a right to 10% of any capital gain realized by the new shareholders, which would exceed an internal rate of return (IRR) of 18%. This right is considered, for accounting purposes, as a financial asset at fair value and this value is considered as zero.

In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations," the investment in the Tsebo Group has been reclassified as "Net income from discontinued operations or operations held for sale" as of January 1, 2020. In addition, Tsebo's net assets in Wendel's consolidated financial statements have been reduced to zero via the recording of a €80.2 million impairment in the accounts (of which €25.4 million of Group share) prior to the exit from the scope. In accordance with accounting rules, the accumulated translation adjustments were recycled through income for an amount of €-14.8 million upon the loss of control.

In addition, a provision for risk had been recorded at the end of 2019 for the guarantee relating to the financing of the investor B-BBEE of Tsebo for an amount of €26 million. The net amount paid by the Wendel Group finally amounted to €19 million and the excess provision was recognized in income in the income statement for €7 million.

Note 3-1.3 Definitive allocation of the acquisition price to the Crisis Prevention Institute (CPI)

On December 23, 2019 Wendel completed the acquisition of Crisis Prevention Institute ("CPI") for an enterprise value of $910 million. In the context of this transaction, Wendel invested approximately $572 million of its own equity. The Group therefore holds 96% of the Company's share capital, alongside CPI management and other minority shareholders. Since this date, the Wendel Group has therefore been exercising exclusive control over this company and has proceeded with its full consolidation.

As of December 31, 2019, all of the first goodwill had been recognized in goodwill.

The acquisition price of CPI was allocated in 2020 as follows:

Brands	$137.8 million, non-amortizable
Customer relationships	$207.2 million, amortized over 10 years
Training content	$124.1 million, amortized over 20 years
Deferred taxes related to these revaluations	$-104.8 million
Residual goodwill	$531.4 million
Net indebtedness	$-332.6 million
Fixed assets	$11.2 million
Other	$16.7 million
Acquisition price of the shares (100% of share capital)	$591.0 million

In view of the consequences of the health crisis on CPI's business in 2020 (post-acquisition), the goodwill and intangible assets of CPI were subject to impairments as described in Note 8 "Goodwill".

Note 3-1.4 Changes in scope of consolidation of subsidiaries and associates

There was no significant change in the scope of consolidation of controlled subsidiaries.

Note 3-2 Changes in scope of consolidation in 2019

The principal changes in scope during 2019 were as follows:

- the sale of the stake in PlaYce for net income of €32.2 million;
- the sale of the stake in Saint-Gobain for €468 million;
- the Bureau Veritas dividend received in shares of this company for the equivalent of €87.5 million;
- the investment of €125 million in Cromology;
- the sale of the 79% stake in Allied Universal for $738 million;
- the acquisition of Crisis Prevention Institute ("CPI") for $572 million; and
- the contribution of $14.5 million to Tsebo.

NOTE 4 Related parties

The Wendel Group's related parties are:

- IHS, which is equity-accounted;
- the members of Wendel's Executive Board and Supervisory Board; and
- Wendel-Participations, which is the Group's control structure.

Note 4-1 Members of the Supervisory Board and Executive Board

The amount of compensation awarded by the Wendel Group, in respect of the 2020 fiscal year, to André François-Poncet, Chairman of the Executive Board and to David Darmon, member of the Executive Board amounted to €3,846.7 thousand.

In 2020, the members of the Supervisory Board and the Executive Board waived 25% of their fixed compensation for three months; these amounts were allocated to the Wendel donation fund and donated to three associations (Les Restaurants du Cœur in France, and Bowery Mission and Empty Bowls in the United States).

The value of the options and performance shares granted to them during the 2020 fiscal year amounted to €2,883 thousand at the date of their grant.

Compensation paid to members of the Supervisory Board over FY 2020 was €1,202 thousand, including €1,107 thousand by Wendel SE (i) in consideration of service by members of the Supervisory Board, (ii) as compensation of the Chairman of the Supervisory Board and (iii) as compensation of the lead independent member of the Supervisory Board, and €95 thousand paid to certain members of the Supervisory Board by Wendel-Participations SE for serving on its Board of Directors. These amounts do not include the salary of the employee representative on Wendel's Supervisory Board, who does not receive Wendel SE director's fees.

At December 31, 2020, the commitments made by the Company to André François-Poncet, in the event of his departure, were as follows (subject to the fulfillment of performance conditions):

- in the event of his removal from office not on grounds of failure, for each month of service, to benefits equal to his monthly fixed compensation at the time of termination, up to a maximum of 24 months' fixed compensation; and
- in the event of his resignation or removal from office following the loss of control by Wendel-Participations SE of Wendel voting rights, 36 months' fixed compensation as existing at the time of departure.

At December 31, 2020, the commitments made by the Company to David Darmon, member of the Executive Board, in the event of his departure were as follows (subject to the fulfillment of performance conditions):

- in the event his position is terminated (not on grounds of failure), a payment equal to the gross fixed monthly compensation times the number of months of service on the Executive Board, in no case to exceed 18 months of fixed compensation;
- in the event his employment contract is terminated, the payments due by law and agreement under said employment contract, with the provision that the total payments made to Darmon for his service as a corporate officer and under his employment contract may not exceed 18 months of fixed and variable compensation.

In accordance with Wendel's policy of associating managers with the Group's investments, the members of the Executive Board take part in the co-investment mechanisms described in Note 5.1 "Participation of managers in Group investments".

Note 4-2 Wendel-Participations

Wendel-Participations SE is owned by around 1,200 Wendel family individuals and legal entities. Wendel-Participations investors together held a 39.31% stake in Wendel SE as of December 31, 2020, representing 51.72% of theoretical voting rights and 52.42% of the exercisable voting rights as of that date.

There are no other economic or financial relationships between Wendel-Participations and Wendel besides those related to the holding of shares and the following agreements:

- a service delivery agreement entered into for the implementation of the provisions of the Sapin 2 Law on the prevention of corruption and for the implementation of CBCR reporting;
- a memorandum of understanding on the use of the "Wendel" family name and a license agreement governing the use of the "WENDEL Investissement" brand;
- a service agreement for administrative assistance; and
- an agreement to lease premises by Wendel to Wendel-Participations.

NOTE 5 Participation of managers in Group investments

The accounting principles applied to co-investment mechanisms are described in Note 1-8.19 "Accounting treatment of mechanisms for the participation of management teams in the Group's investments".

Note 5-1 Participation of Wendel's managers in Group investments

To give its managers a stake in the Group's value creation, Wendel has set up co-investment programs to allow them to invest their personal funds in the same assets in which the Group invests. This gives managers a personal stake in the risks and rewards of these investments. Several programs co-exist, depending on the date of Wendel's initial investment. Certain rules are common to all programs:

i) the amount of the co-investment is no more than 0.5% of the amount invested by Wendel and the managers; the co-investments correspond to the disbursements made by each manager and are concurrent with the Wendel investments;

ii) if a liquidity event (as defined in paragraph iii) below) occurs, the managers have, depending on the particular case, either the same rights and obligations as the Wendel Group in relation to the capital gain or loss incurred *(pari passu* co-investment), or different rights (carried interest) and obligations (accelerated co-investment). In the latter case, if Wendel achieves a predefined return, the managers have the right to a greater share of the gain than their shareholding;

iii) a liquidity event is defined, per the different programs, as a full divestment of a portfolio company, a change in control, or divestment of more than 50% of the shares held by the Wendel Group, or the listing of the Company concerned on a stock exchange. The liquidity extended to co-investors may be either the total amount or an amount proportional to the investment sold or placed on the market;

iv) in the absence of a liquidity event before the end of the co-investment program (eight to twelve years after the initial investment), a cash payout is offered to co-investors, in one or more tranches. The valuation of the portfolio company is systematically performed by an internationally renowned independent expert, and managers' rights and obligations are calculated in accordance with the rules set out in paragraph ii) above;

v) the rights of co-investors vest gradually over a period of several years; in the event of the departure of a co-investor, and under the terms of joint purchase and sale agreements, the Wendel Group has the option of buying back its rights not yet definitively acquired at their original value and, in certain cases, the co-investor has the option to sell their rights definitively acquired under predefined financial conditions;

vi) co-investments are made in euros. In the case of foreign currency investments, the euro exchange rate is adjusted to that applying on the day of the capital increase of the funds, taking into account any exchange rate hedges.

2011-2012 program

Co-investments related to acquisitions made by Wendel between 2011 and 2012 (and to potential subsequent reinvestments made by Wendel in these companies) are therefore governed by the principles set out at the beginning of Note 5-1 and by the following specific rules:

i) 30% of the amount invested by the co-investors is invested under the same terms and conditions as Wendel *(pari passu* co-investment);

ii) the remaining 70% confer a right, if a liquidity event occurs, to 7% of the capital gain (carried interest), provided that Wendel has obtained a minimum return of 7% *per annum* and a cumulative return of 40% on its investment; otherwise, the co-investors lose any right to a capital gain, as well as the amount invested, on this fraction of co-investment;

iii) in the absence of a total disposal or IPO of the Company concerned, the co-investors have a liquidity by third party on the basis of an independent appraisal at the end of a period of 8 years from the completion of the initial investment by the Wendel Group: the potential capital gain is then generated on one-third of the sums invested by the co-investors; the same applies after 10 years, then 12 years, if no total sale or IPO has taken place in the meantime;

iv) the rights of co-investors vest gradually over a period of four years, in five tranches of 20% *per annum,* of which 20% at the investment date.

In accordance with these principles, Wendel's managers have made personal investments alongside the Group in IHS. These co-investments were made through a Luxembourg venture capital company, Oranje-Nassau Développement SCA SICAR, which was set up in 2011 and transformed at the end of 2019 into a reserved alternative investment fund (FIAR).

In accordance with point iii) above, the first automatic liquidity maturity date for IHS is March 31, 2021, corresponding to the eighth anniversary of the initial investment. A financial liability is recognized for this initial liquidity in accordance with the Group's accounting principles.

2013-2017 program

The co-investment mechanism was amended in 2013, on the initiative of the Supervisory Board, in order to introduce a pooled share and, in certain cases, to raise the Group's minimum return condition. These amendments were set for the four years of the Executive Board's term. Co-investments related to acquisitions made by Wendel in new companies between April 2013 and April 2017 (and to any subsequent reinvestments made by the Wendel Group in the companies concerned) are therefore governed by the principles set out at the beginning of Note 5-1 and by the following specific rules:

- **i)** 35% of the amount co-invested gives the right, if a liquidity event occurs, to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return is at least 10% *per annum* (carried interest deal by deal); if this return is not achieved, the co-investors lose any right to a gain on 35% of their investment, as well as 35% of the amount invested; a three-stage payment determined by an expert is offered to co-investors 8, 10 and 12 years after Wendel's initial investment in the absence of a total sale or IPO (see 2011-12 program, point iii);
- **ii)** 35% of the amount co-invested gives the right to 3.5% of the capital gain realized on each of the investments of the period, on the condition that Wendel's return, calculated for all of these investments as a whole, is at least 7% *per annum* (pooled carried interest); if this return is not achieved, the co-investors lose any right to a gain on 35% of their investment, as well as 35% of the amount invested; in the absence of a total sale or IPO, the pooled potential capital gain will be allocated equally in 2024 and 2025 (the investments remaining in the portfolio being valued by an independent expert in every case);
- **iii)** the remaining 30% is co-invested *pari passu* with Wendel, 15% on a deal-by-deal basis, and 15% on a pooled basis;
- **iv)** as the co-investors freely agreed to participate in the 2013-2017 co-investment program for a certain proportion of total co-investments, they are required to invest at this level in all of the investments of the period with respect to the pooled portion (carried interest and *pari passu);* failing which, the co-investor concerned loses all of his/her rights to the pooled capital gain for the non-invested portion and his/her previous investment, except for cases of *force majeure* where the co-investor will simply be diluted;
- **v)** co-investors who have met their commitment to co-invest in the pooled portion may invest the same amount on a deal-by-deal basis (carried interest and *pari passu),* without obligation.
- **vi)** the rights of co-investors vest gradually over a period of four years, in five tranches of 20% *per annum,* of which 20% at the investment date; it should be noted that, for pooled carried interest rights, the term is calculated from the first investment of the period.

In addition, the share of the Executive Board's co-investment has been fixed at one-third of the total co-investment, comprising 60% and 40%, respectively, from the former Chairman and the former member of the Executive Board.

In accordance with these principles, Wendel's managers have invested in a personal capacity along with the Group in Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo. These co-investments were made through two Luxembourg venture capital companies, which were incorporated in 2013 and turned into Reserved Alternative Investment Funds (RAIF) at the end of 2019. The first fund, Expansion 17 SCA FIAR, is the structure used for co-investments on a deal-by-deal basis and is divided into as many sub-funds as investments. The second fund, Global Performance 17 SCA FIAR, is used for pooled co-investments, which are Grouped into a single sub-fund for all investments for the period 2013-2017.

The co-investments in Saham, Nippon Oil Pump and CSP Technologies were unwound in 2018 following the disposals of these three companies. During the 2020 fiscal year, a residual amount of €3.2 million due in respect of the co-investment in CSP Technologies was paid to the co-investors, including €0.2 million to Mr. David Darmon, member of the Executive Board.

The co-investment in Allied Universal was unwound in two stages, corresponding to the disposal made by the Wendel Group of Allied Universal in December 2019 (for 79% of the stake) and then in April 2020 (for the remaining 21%). These transactions enabled Wendel's net investment in Allied Universal to be valued at approximately $918 million, or approximately 2.5 times the total amount of capital invested in dollars. A price adjustment, unfavorable to the transferors, was paid in December 2020, for an amount of $0.9 million (Wendel share). In accordance with the rules of the 2013-2017 program, these disposals constituted two liquidity events in proportion to the investment sold.

- Regarding the pooled portion of the co-investment in Allied Universal:
  - for the part in *pari passu* form, the co-investors received in November 2020 the repayment of their contributions in proportion to their equity interest, and
  - for the carried interest portion, the result of this sale will be taken into account to calculate, at the end of the program and for all investments over the period, the overall return and, where applicable, the capital gain accruing to the co-investors;
- As regards the portion in deal by deal form of the co-investment in Allied Universal, the partial disposal having made it possible to achieve the expected minimum return, the co-investors have received a part of their share of the capital gain, *i.e.* €13.2 million, of which €1.8 million for Mr. David Darmon (paid in July 2020).

In December 2020, the Wendel Group sold Tsebo at a loss. In this context, the co-investors lost their investment under the deal by deal portion, Mr. David Darmon, member of the Executive Board, lost €26 thousand.

2018-2021 program

In the absence of any investment made after April 2017, and on the occasion of the arrival of a new Chairman of the Executive Board on January 1, 2018, a new co-investment program was defined for investments made in new companies between 2018 and April 2021 (and for any subsequent reinvestments made by the Wendel Group in the companies concerned). The program is governed by the principles set out in the preamble to Note 5-1 and by the following special rules:

i) in the event of a liquidity event affecting one of the companies acquired during the period, 20% of the total amount co-invested gives entitlement to 2% of the capital gain generated on each of the investments for the period, provided that the return on investment is at least 8% (carried deal by deal);

ii) in the event of a liquidity event affecting the last of the companies acquired during the period, 80% of the total amount co-invested gives entitlement to 8% of the capital gain calculated on all investments made during the period, provided that Wendel's return, calculated on all these investments, is at least 7% (pooled carried);

iii) in the event of a liquidity event, the co-investors are also entitled, *pari passu* with Wendel, to the repayment of their contributions and, if the minimum return is not reached, their share of any capital gain;

iv) in the absence of an event giving rise to total liquidity, the co-investors have liquidity for the balance in three tranches of one-third each as at December 31, 2026, 2028 and 2030; at each maturity date, the valuation is carried out, if the investment is listed, on the basis of an average of the share price of its shares, and if not, on the basis of an independent appraisal;

v) as the co-investors freely agreed to participate in the 2018-2021 co-investment program in a certain proportion of total co-investments, they are required to invest at this level in all of the investments of the period with respect to the pooled portion (carried interest and *pari passu);* failing which, the co-investor concerned could lose all of his/her rights to the pooled capital gain for the non-invested portion and 20% of his/her previous investment, except for cases of force majeure where the co-investor will simply be diluted;

vi) co-investors who have met their commitment to co-invest in the pooled portion may invest their share on a deal-by-deal basis, without obligation;

vii) the rights of co-investors are gradually acquired (vesting) over a minimum period of five years, in five tranches of 20% per year, *i.e.* 20% on each anniversary date of the investment; it being specified that this duration (a) is calculated from the first investment of the period for rights in pooled carried form and (b) is extended by one year if the co-investor leaves Wendel for a competitor.

The Executive Board's share of co-investment in this program is 10.7% (4% for Mr. André François-Poncet and 6.7% for Mr. David Darmon). The breakdown of the Executive Board's co-investment is 90% pooled and 10% deal by deal.

In accordance with these principles, Wendel's managers have invested in a personal capacity along with the Group in the Crisis Prevention Institute (CPI) in December 2019 (see 2019 URD, p. 345).

In total in 2020 for all co-investment programs, the co-investors received a total amount of approximately €34.7 million, broken down as follows:

- €16.4 million on co-investments unwound under the deal by deal portion (see above "2013-2017 program"); and
- €18.3 million corresponding to the purchase price of co-investments not yet unwound from co-investors who have left the Group.

Note 5-2 Participation of subsidiaries' managers in the performance of their companies

Various mechanisms exist in Wendel Group subsidiaries to allow senior managers to participate in the performance of each entity.

For listed subsidiaries (Bureau Veritas), these mechanisms comprise subscription and purchase type stock option plans, and performance share plans.

Moreover, for unlisted consolidated subsidiaries (Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl), the policy of giving managers a stake in the Company's performance is based on a co-investment system whereby managers co-invest significant amounts alongside Wendel. These investments present a risk for the co-investors/managers in that they run the risk of losing all or part of the significant sums they have invested, depending on the value of the investment at maturity.

These mechanisms are generally composed in part of a *pari passu* investment, which gives a return profile identical to that achieved by Wendel, and in part of a ratchet investment, which offers a gain profile differentiated according to performance criteria such as the Internal Rate of Return (IRR) achieved by Wendel. Accordingly, for this part, co-investor managers only receive a higher return than Wendel when Wendel has obtained a predefined return.

These co-investment mechanisms and the sharing of risk between Wendel and the manager co-investors are represented by a variety of financial instruments held by Wendel and the manager co-investors. These instruments include ordinary shares, index-based or preferential shares, fixed-rate bonds, warrants, etc. The ratchet portions may also be structured as bonus systems linked to the relevant entity's performance, or to the profitability of Wendel Group's investment in the entity.

These investments mature either when a liquidity event occurs (divestment or IPO) or, if no such event takes place, at a specific point in time (depending on the Company, between 6 and 12 years after the initial investment by Wendel).

In addition, IHS has also set up stock option plans that may have a dilutive effect on Wendel's shareholding in this company.

Note 5-3 Impact of co-investment mechanisms for Wendel

As of December 31, 2020, the impact of these co-investment mechanisms would reduce Wendel's shareholdings in the investments concerned from 0% to 0.5%. This calculation is based on the value of the stakes calculated for the Group's Net Asset Value as of December 31, 2020.

NOTE 6 Managing financial risks

Note 6-1 "Equity" market risk management

Note 6-1.1 Value of investments

The Wendel Group's assets are mainly investments in which Wendel has control or significant influence. These assets are listed (Bureau Veritas) or unlisted (Constantia Flexibles, CPI, Cromology, IHS and Stahl).

The value of these investments is based mainly on:

- their economic and financial performance;
- their prospects for business development and profitability;
- their ability to identify risks and opportunities in their environment; and
- changes in the equity markets, directly for listed companies and indirectly for unlisted companies, whose valuations are influenced by market parameters.

Beyond these market parameters, growth in Wendel's Net Asset Value (NAV, aggregate defined in the annual financial report) depends on its managers' capacity to select, buy, develop and then resell companies able to distinguish themselves as leaders in their sectors.

Wendel makes its decisions on the basis of its investment teams' expertise and in-depth strategic, accounting/financial, legal, tax, compliance and ESG (Environment, Social, Governance) analyses. These processes identify the operating, competitive, financial, legal and ESG opportunities and threats likely to have an impact on the value of an investment.

Wendel monitors and analyzes each company's operating and financial performance and the risks to which they are subject, alongside the managers of the companies, during regular in-depth Operational Review Meetings or meetings of these companies' governance entities. In addition, knowledge sharing with the management team makes it possible to develop true sectoral expertise and thus to prepare an analysis of future prospects at regular intervals. This regular review also enables Wendel to better analyze developments in each investment and play its role of shareholder.

Wendel's company-specific approach is supplemented at the Group level through an overall analysis of the distribution of Wendel's subsidiaries' businesses and investments by economic activity, in order to ensure sufficient diversification, not only sectorally, but also from the point of view of their competitive positioning and of the resilience of the companies to a deterioration in the economic climate.

Nevertheless, there is a risk that the subsidiary's economic results will not meet Wendel's expectations.

Moreover, the financial structure and levels of debt of certain unlisted subsidiaries and associates (IHS and CPI) increase the risk to the value of these subsidiaries and associates. While leverage makes high Internal Rates of Return (IRR) possible on these investments, it also exacerbates financial difficulties in the event of a significant slowdown in economic activity or of an external event which is unfavorable for markets, by restricting the access of the companies in question to liquidity and by subjecting them to the risk that financial covenants will trigger accelerated maturity of their financial debt (see note 6-2 "Managing liquidity risk"). Moreover, the 2009 financial crisis has shown that banks' own difficulties (*e.g.* access to liquidity, prudential ratios) could make refinancing the debt of these companies more difficult. To prevent and manage the risk incurred by these companies' financial structure, cash flow and financial covenant forecasts are prepared regularly, based on various scenarios, in order to prepare, if necessary, targeted solutions to ensure their long-term survival and to create value. An in-depth analysis of these sensitivities was carried out at the start of the COVID-19 crisis across the Group and these analyzes remain closely monitored. Moreover, Wendel and its subsidiaries are in close contact with the lenders of these companies, in order to more effectively manage the restrictions on these financing agreements.

The value of investments is therefore subject to the risk that their economic and financial performance and their development and profitability prospects may be impacted by difficulties related to their organization, their financial structure, their exposure to currencies, their sector of activity, the global economic environment and/or risks as sudden and violent as the global epidemic crisis. The value of investments is also subject to financial market risk and equity market risk in particular. However, Wendel is a long-term shareholder with no short-term demands on the value of its assets at a specific point in time, even though it monitors NAV trends very closely.

Note 6-1.2 Equity market risk

As of December 31, 2020, equity market risk related chiefly to:

- consolidated and equity-method shares, whose "recoverable values" used for impairment tests are based on market parameters, including, and depending on the case, the discount rate used in calculating "value in use" or the market price used in calculating "fair value" (see impairment tests in Note 8 "Goodwill");
- investments by Wendel Lab, whose total value was €68.2 million at December 31, 2020. They are recognized at fair value, with changes recognized through profit or loss; a +/-5% variation in their value would therefore result in an impact of approximately +/€-3.5 million in net financial expense;
- minority buy-out commitments (minority puts) and liquidity commitments of co-investments granted by Wendel and its holding companies, which are recognized as financial liabilities. Their value is based on the fair value of the relevant investment, or, in other cases, determined by a contractual formula based on a fixed multiple of operating margin less net debt. As of December 31, 2020, the total of these financial liabilities was €278 million, including the minority put granted by Stahl on BASF's interest in that company (see note 14 "Financial assets and liabilities"). When the buy-out price is based on fair value, it is most often estimated using the calculation method used for net asset value (as described in the Group's annual financial report), *i.e.* the application of peer multiples to the operating margin of the relevant investments in order to estimate the enterprise value, allowing the value of equity to be calculated once debt has been deducted. In the event of a 5% increase in the operating margins of the stakes in question, the total amount of the minority buy-out commitments and liquidity commitments for the co-investments granted by Wendel and its holding companies and the buy-out commitment granted by Stahl to BASF would increase by around €19.3 million. This fluctuation would be recognized mostly as other items on the comprehensive income statement; other Group investments also granted minority puts (see note 14 "Financial assets and liabilities");
- the Wendel syndicated loan covenants, which are based on ratios of financial debt to the value of assets, are described in Note 6-2.4 "Financing agreements and covenants of Wendel and its holding companies". At December 31, 2020, this facility was not drawn and Wendel was in compliance with these covenants; and
- the degree of financial leverage of Wendel and its holding companies (i.e. net debt/assets), a key indicator of the cost of bond and bank financing, which Wendel may seek to access. This indicator is also tracked by the Moody's and Standard & Poor's rating agencies, which Wendel has retained to rate its financial structure and bonds. Since the end of 2018, this ratio has been at a low level, enabling the Group to consider making new investments and dealing with the uncertainties related to the crisis caused by COVID-19 while maintaining a solid financial structure.

Note 6-2 Managing liquidity risk

Note 6-2.1 liquidity risk of Wendel and the holding companies

Wendel's cash requirements are related to investments (including minority puts), debt servicing, overheads, treasury share buybacks and dividends paid. These needs are covered by cash and short-term financial investments, asset turnover, bank and bond financing, and dividends received from subsidiaries and associates.

1. Position and monitoring of cash and short-term financial investments

As of December 31, 2020, the cash and short-term financial investments of Wendel and its holding companies (excluding operating subsidiaries) amounted to €1,078.9 million and consisted mainly of €576.7 million in euro money market funds, €279.9 million in financial institution funds and €222.3 million in bank accounts and deposits denominated chiefly in euros.

2. Monitoring cash and short-term financial investments

Every month cash & equivalents (including short-term financial investments) and cash flow are displayed on a chart detailing the changes during the month and the month-end position. This chart is presented to the Executive Board on a monthly basis. It also details the various cash and short-term financial investment vehicles utilized, as well as counterparty information. Finally, another chart indicating the expected cash flows over the coming months and years is prepared on a regular basis and used to determine the maturity and amount of financing requirements according to different scenarios.

Cash investment vehicles consist of short-term bank deposits and low-volatility, money-market mutual funds (classified under "cash and cash equivalents") and funds managed by financial institutions (classified under "other financial assets"). These investments are valued daily (or in some cases weekly). Amounts allocated to more volatile funds, potentially generating higher returns, represent an insignificant portion of cash and short-term financial investments. In choosing the various types of investments, Wendel takes into account the compatibility of their term with its debt repayment obligations and those of its holding companies.

3. Position and monitoring of debt maturities and refinancing

At December 31, 2020, gross debt (excluding operating subsidiaries) consisted of bonds for a total amount of €1,600 million. Bond maturities are spread between April 2023 and February 2027 and the average maturity is 4.5 years.

Wendel also has an undrawn €750 million syndicated loan maturing in October 2024. Wendel was in compliance with its financial covenants as of December 31, 2020. This undrawn line of credit notably gives Wendel enough flexibility to take advantage of investment opportunities.

Moreover, in the context of currency risk management (see note 6-5.1 "Managing currency risk"), €800 million in bond debt has been converted into dollar-denominated debt through the use of derivatives (cross-currency swaps).

At the date of the closing of the consolidated financial statements, Wendel's long-term rating from Standard & Poor's was BBB "stable" outlook, and the short-term rating A-2. Similarly, Moody's has assigned Wendel a rating of Baa2 "stable" outlook with a short-term rating of P-2.

4. Managing debt

To manage debt maturities, Wendel must find the necessary resources to cover the repayment of its financial obligations at their maturity. These resources can derive from available cash, asset rotation or new financing. This latter resource may be limited by:

- the availability of bank and bond lending sources, which has been restricted by financial market volatility, banks' access to liquidity, and pressure from financial institution regulators;
- the level of financial leverage of Wendel and its holding companies (*i.e.* net debt/assets ratio), which is a key credit risk indicator tracked by Wendel's lenders and by the financial rating agencies, which rate Wendel's financial structure. Similarly, the syndicated loan is subject to financial covenants that are mainly based on the market value of Wendel's assets and on the amount of net debt (see paragraph on "Wendel's syndicated loan – documentation and covenants" in Note. 6-2.4: "Financing agreements and covenants of Wendel and its holding companies"). Leverage depends in particular on asset values and is therefore subject to equity market risk (see note 6-1.2 "Equity market risk"); and
- a potential financial rating downgrade for Wendel from the financial rating agencies.

To manage refinancing risk, Wendel seeks to align the maturities of its bond and bank financing with its long-term investor outlook. Wendel therefore secures medium to long-term financing and extends existing maturities when market conditions allow and when Wendel management deems it necessary to do so. Investment decisions are made taking into account their impact on the net debt-to-asset ratio.

Note 6-2.2 Liquidity risk of operating subsidiaries

1. Managing the liquidity risk of operating subsidiaries

The management of each operating subsidiary is responsible for managing the cash, debt, and liquidity risk of that entity.

Cash and debt levels of the operating subsidiaries are reported regularly to Wendel. Forecasts of bank covenant compliance for the coming year and over the lifetime of the business plan are prepared annually and any time an event occurs that could have a material impact on the covenants. These forecasts and calculations of covenant compliance are reviewed regularly by Wendel.

2. Impact of liquidity risk of subsidiaries on Wendel

The financial debts of the operating subsidiaries are without recourse to Wendel. Thus, the liquidity risk of these subsidiaries only affects Wendel when Wendel decides or accepts it. Wendel has no legal obligation to support operating subsidiaries experiencing cash flow difficulties. Similarly, subsidiaries are not bound by any mutual support undertakings. As a result, Wendel's liquidity would only be affected if it decided to contribute cash to an operating subsidiary. Such a decision would result from an in-depth analysis of all the constraints to which Wendel is subject, including return on investment, Wendel's own liquidity, additional investment in other subsidiaries and new investments.

In the context of the economic crisis triggered by COVID-19, Wendel and its operating subsidiaries have examined their liquidity position and any constraints connected to their financial covenants. As of the date of the finalization of the 2020 financial statements, Wendel does not expect to reinvest any significant amounts in its subsidiaries to provide them with financial support.

Changes in the economic and financial situation of subsidiaries can also have an impact on Wendel's liquidity via the amount of dividends they pay to Wendel. Bureau Veritas has therefore not paid a dividend in 2020, given the crisis caused by COVID-19. Similarly, changes in the economic and financial position of investments have an impact on their value; however, this value is taken into account in calculating Wendel's financial leverage (see note 6-1.2 "Equity market risk").

Note 6-2.3 Wendel's liquidity outlook

Wendel's next significant financial deadline is the €300 million bond, due to be redeemed in April 2023. Wendel's liquidity risk over the 12 months following the reporting date is therefore low given its high level of cash and short-term financial investments and its €750 million fully-undrawn syndicated credit line.

Note 6-2.4 Financing agreements and covenants of Wendel and its holding companies

1. Bonds issued by Wendel – documentation

These bonds are not subject to financial covenants, but carry standard clauses for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

2. Wendel's syndicated loan – documentation and covenants (undrawn as of December 31, 2020)

The syndicated loan has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of its net debt.

Wendel's net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions. The net debt taken into account corresponds to Wendel bonds and the syndicated loan, when drawn, reduced by cash.

Net debt of the Group subsidiaries is deducted from the gross revalued assets of these subsidiaries inasmuch as it is without recourse to Wendel.

These covenants are as follows:

- the net financial debt of Wendel and the financial holding companies compared to the gross revalued value of assets after unrealized taxes (excluding cash) must not exceed 50%; and
- the ratio of:
  - the unsecured gross debt of Wendel and its financial holding companies plus their off-balance-sheet commitments that are akin to unsecured debt, less their available cash (not pledged or in escrow), and
  - the amount of 75% of the value of the available listed assets (not pledged or in escrow) and 50% of the value of available unlisted assets (not pledged or in escrow);

  must not exceed 1.

These ratios are tested half-yearly when there are drawdowns under the syndicated loan line. As of December 31, 2020 Wendel was in compliance with all covenants.

The syndicated loan agreement carries standard covenants for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

Note 6-2.5 Financial debt of operating subsidiaries – documentation and covenants

1. Bureau Veritas' financial debt

This debt is without recourse to Wendel.

As of December 31, 2020, Bureau Veritas' gross financial debt amounted to €2,926.7 million (excluding financial liabilities related to the application of IFRS 16) and its cash balance to €1,594.5 million.

On April 30, 2020, the Group signed an additional liquidity credit line of €500 million, with a 1-year maturity and a 6-month extension option at Bureau Veritas' decision. This new facility therefore strengthens its liquidity position, coming in addition to the €600 million syndicated loan facility maturing in May 2025. These lines were not drawn down as of December 31, 2020.

Certain financing is subject to compliance with contractually defined ratios applicable to the test periods of December 31 and June 30.

In June 2020, Bureau Veritas obtained an exemption from its banking partners and US Private Placement investors to relax these banking ratios for the next three test dates.

As of December 31, 2020, all of these commitments were met. These commitments can be summarized as follows:

- the first ratio is defined as the ratio between the adjusted net financial debt and the adjusted consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization) for the last twelve months of any acquired entity, and must be less than 6.25 at December 31, 2020, 5.5 at June 30, 2021, and then 3.5 from December 31, 2021. As of December 31, 2020, this ratio was 1.80;
- the second ratio represents the consolidated EBITDA (earnings before interest, taxes, depreciation, and amortization) adjusted for the last 12 months of any acquired entity over net financial expenses of the Bureau Veritas Group and it must be greater than 2.0 at December 31, 2020, 3.0 at June 30, 2021, and then 5.5 from December 31, 2021. As of December 31, 2020, this ratio was 8.16.

2. Constantia Flexibles' financial debt

This debt is without recourse to Wendel.

As December 31, 2020, the nominal amount of Constantia Flexibles' gross financial debt was €553.1 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €164.5 million (plus deposits pledged as collateral in the amount of €57.2 million). Gross financial debt includes a loan guaranteed by the Austrian State of €47 million due in March 2022. Constantia Flexibles also has a €125 million revolving credit facility which is undrawn and available.

Under the applicable financial covenants, the ratio of net financial debt to LTM EBITDA must be less than 3.75 (this threshold may be temporarily increased to 4.5 as a result of acquisitions). This covenant was met as of December 31, 2020, with a reading of 1.8.

The financial strength of Constantia Flexibles was not significantly affected by the effects of the epidemic crisis.

As of December 31, 2020, deconsolidating factoring amount to €126.4 million.

The documentation related to Constantia Flexibles' debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends or changes in ownership structure are prohibited, restricted, or require prior approval of the lenders.

3. Cromology's financial debt

This debt is without recourse to Wendel.

At the end of 2020, Cromology's bank debt was €195.2 million (including accrued interest and excluding spreads, shareholder loans and financial liabilities related to the application of IFRS 16). Its cash balance was €168.0 million. Cromology also has an undrawn and available revolving credit facility of €59 million.

Cromology's financial covenants have been suspended until the first quarter of 2022. Then, the sole covenant ratio to be tested, the net debt-to-EBITDA ratio (banking definition), must remain below 7.0. According to the definition of the banking contract, this ratio stood at 0.5 at December 31, 2020.

Despite the significant impact of the lockdown measures taken by the governments of the countries in which Cromology operates, the financial structure was strengthened in 2020.

As of December 31, 2020, deconsolidating factoring amount to €73 million.

The documentation related to this debt contains the standard restrictions for this type of credit facility. Certain transactions, such as asset divestments, granting collateral, acquisitions, additional debt and payment of dividends are prohibited, restricted or require the prior approval of the lenders.

4. Stahl's financial debt

This debt is without recourse to Wendel.

No additional financing was raised during the period, however in August 2020 the terms of the existing facility agreement were modified and the maturities extended. The Group and its lenders have agreed to a temporary additional margin in the financial covenants to mitigate any potential impact of COVID-19, the rescheduling of mandatory repayments over the extended term and an increase in the margin grid of 50bps. This renegotiation was treated as a cancellation of debt and the recognition of a new loan in the consolidated financial statements.

As of December 31, 2020, Stahl's gross bank debt was €392.4 million (including accrued interest, and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was €163.7 million. The revolving credit facility of €27 million is undrawn and available.

The ratio of consolidated net debt to LTM EBITDA (gross operating income over the past 12 months) must be less than or equal to 4.5. at December 31, 2020 This covenant was met at the end of June 2020, with a ratio of 1.72.

Despite the negative effects of COVID-19 on Stahl's business, the financial structure of this investment was strengthened in 2020.

The documentation related to Stahl's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks or changes in ownership structure are prohibited, restricted or require prior approval of the lenders.

5. CPI's financial debt

This debt is without recourse to Wendel.

As December 31, 2020, the nominal amount of CPI's gross financial debt was $346.2 million (including accrued interest and excluding issue costs and financial liabilities related to the application of IFRS 16). Its cash balance was $13.1 million. In the context of the global pandemic, CPI drew on its revolving line of credit to the tune of $23.0 million out of a total of $30.0 million.

In addition, CPI obtained from its lenders the suspension of the financial leverage covenant until the end of the second quarter of 2021. The next test will be carried out on June 30, 2021. In exchange for the suspension of this covenant, a liquidity covenant applies; it imposes a minimum liquidity of $7.5 million (cash and undrawn revolving credit line). This last covenant was respected as at December 31, 2020.

The financial leverage defined by the banking contract (ratio between net debt and EBITDA) amounted to 11.5 at the end of 2020. It should be less than 11.0 at June 30, 2021.

The documentation related to CPI's debt contains the standard restrictions for this type of credit facility. Certain transactions, such as mergers, dissolutions, asset divestments, granting collateral, acquisitions, additional debt, payment of dividends, share buybacks or changes in ownership structure are prohibited, restricted or require prior approval of the lenders.

Note 6-3 Managing interest rate risk

As of December 31, 2020, the exposure of the Wendel Group (Wendel, its holding companies, and fully-consolidated operating subsidiaries) to interest rates was limited.

In billions of euros	Rate fixed	Rate cape	Rate variable
Gross debt	4.5	-	1.4
Cash and short-term financial investments	-0.3	-	-2.9
Impact of derivatives	0.2	0.5	-0.7
INTEREST-RATE EXPOSURE	**4.4**	**0.5**	**-2.1**
	159%	17%	-76%

The notional amount of derivative instruments was weighted by the portion of the 12 months following December 31, 2020 during which they will hedge interest rate risk.

A +100 basis point change in the interest rates on which the interest rate exposure of the consolidated Group is indexed would have an impact of around €+19.7 million on net finance income before tax over the 12 months after December 31, 2020, based on net financial debt as of December 31, 2020, interest rates on that date, and the maturities of existing interest rate hedging derivatives. This positive impact on a rate increase is the effect of a very significant Group cash position (exposed to floating rates) and a number of financing measures incorporating floor rates that make them insensitive to part of the rate increase.

Note 6-4 Managing credit risk

Each operating subsidiary has set up a policy to monitor its customer credit risk and the receivables for which a risk of non-payment exists are subject to write-down. As of the closing date, owing to the Group's geographical and sector diversification, there was no significant concentration of credit risk in trade receivables. The COVID-19 crisis has had no significant impact on a Group scale on the impairment of customer receivables recognized at December 31, 2020 (in particular on the level of the anticipated losses of credit).

The cash and financial investments of Wendel SE and its holding companies are placed essentially with top-ranking financial institutions. Given the total amount of cash and short-term financial investments held as of December 31, 2020, significant amounts may be invested with the same financial institution. Derivative contracts are entered into with top-ranking financial institutions.

Note 6-5 Managing currency risk

Note 6-5.1 Wendel

Certain Group investments operate in several countries and, as a result, derive a share of their earnings in currencies other than the euro, notably the US dollar. The investments most exposed to the dollar or whose presentation currency is the dollar are Bureau Veritas, Constantia Flexibles, Stahl, CPI and IHS. Owing to the exposure of part of those assets to the US dollar, Wendel has decided to convert part of its bond debt into that currency through the use of derivatives. As such, €800 million in Eurodollar cross-currency swaps were established in 2016. This hedge will limit the impact of changes in the Eurodollar exchange rate on the Group's net asset value. These instruments, carried at fair value, have been qualified as net investment hedges for accounting purposes. Thus, 80% (effective portion of the hedge) of the changes in fair value linked to the change in the Eurodollar exchange rate are recognized in equity (the impact was €66.5 million in 2020). A +5% increase in the value of the US dollar against the euro would have a negative impact of €-36 million mainly in equity in respect of cross-currency swaps. The impact of the interest rate differential between the euro and the dollar on the fair value of these instruments is recognized in financial income, as are the coupons of these foreign exchange hedges.

In the beginning of March 2021, this hedge instrument has been unwound and the Group received €39.5 million.

Note 6-5.2 Bureau Veritas

Due to the international nature of its activities, the Bureau Veritas Group is exposed to currency risk arising from the use of several foreign currencies even though natural hedges may exist due to the fact that many of the entities where services are supplied locally have corresponding costs and revenues.

Currency risk from operations

For Bureau Veritas activities in local markets, costs and revenues are mainly expressed in local currency. For activities related to global markets, a portion of revenue is denominated in US dollars.

The share of US dollar-denominated consolidated revenue in 2020 in countries with a functional currency other than the US dollar or currencies correlated to the US dollar was 7%.

Accordingly, a 1% variation in the value of the US dollar against all currencies would have an impact of 0.07% on Bureau Veritas' consolidated revenue.

Conversion risk

Since the presentation currency of the financial statements is the euro, Bureau Veritas must convert into euros the income and expenses in currencies other than the euro when preparing the financial statements. This conversion is carried out at the average rate for the period. As a result, changes in the exchange rate of the euro against other currencies affect the amount of the items concerned in the consolidated financial statements, even if their value remains unchanged in their original currency.

In 2020, over 69% of the Group's revenue was the result of the consolidation of the financial statements of entities with a functional currency other than the euro:

- 17.2% of revenue come from entities whose functional currency is the US dollar or a correlated currency (including the Hong Kong dollar);
- 11.8% of revenue comes from entities where the functional currency is the Chinese yuan renminbi;
- 4.2% of revenue comes from entities where the functional currency is the Australian dollar;
- 3.8% of revenue comes from entities where the functional currency is the Canadian dollar;
- 3.8% of revenue come from entities where the functional currency is the pound sterling;
- 2.6% of revenue comes from entities where the functional currency is the Brazilian real.

No other currency taken individually represents more than 4% of revenue. Accordingly, a 1% fluctuation of the euro against the US dollar and the currencies correlated to it would have had an impact of 0.172% on 2020 revenue of Bureau Veritas. The impact on operating income for 2020 would be 0.156%.

Note 6-5.3 Constantia Flexibles

In 2020, 34% of Constantia Flexibles' revenue was generated in currencies other than the euro, including 11% in US dollars. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-0.8% on Constantia Flexibles' 2020 operating incomes before depreciation, amortization and provisions (excluding goodwill allocation and non-recurring expenses), *i.e.* an impact in the order of +/€-1.3 million.

Note 6-5.4 Stahl

In 2020, 55% of Stahl's revenue is in currencies other than the euro, including 32% in US dollars, 14% in Chinese yuan, 4% in Indian rupees and 3% in Brazilian reals. A +/-5% fluctuation in the US dollar, or in currencies correlated to it, against the euro would have had an impact of around +/-5% on Stahl's 2020 operating income before impairment and amortization (excluding goodwill allocation and non-recurring expenses), or+/€-8 million.

In addition, Stahl has financial debt of €392.4 million, the majority of which is denominated in US dollars ($472 million, or €384.6 million) and carried by a company with the euro as its functional currency. Therefore, a +/-5% fluctuation in the US dollar's value against the euro would result in the recognition of a currency impact of about +/€-18 million in net finance income/expenses.

Note 6-5.5 CPI

CPI operates chiefly in the United States and its financial statements are presented in US dollars. In 2020, 20% of CPI's revenue was generated in currencies other than the US dollar, including 8% in Canadian dollars, 7% in sterling, 1% in euros, and 3% in Australian dollars. A +/-5% change in the value of these currencies against the US dollar would have had an impact of around +/-2% on EBITDA for the period (excluding goodwill allocation and non-recurring expenses), *i.e.* an impact of +/€-0.4 million. In addition, a change of this kind in the value of the dollar against the euro would have an impact in the order of +/€-1.1 million on the EBITDA generated by this investment, expressed in euros in Wendel's consolidated accounts.

Note 6-6 Commodity risk management

The Group investments most exposed to the risk of changes in commodity prices are Cromology, Stahl and Constantia Flexibles.

In 2020, at Cromology, purchases of raw materials and packaging were subject to reinforced management. After several years of steep rises, raw materials prices have entered a stable period especially for TiO2. Cromology is constantly working to optimize its purchases by listing new suppliers and raw materials. One of the key skills of Cromology's Research and Development lies in the continuous reformulation of the product portfolio to adapt to the evolution of raw materials while optimizing and improving the added value of the Group's paints.

Stahl purchased around €299 million of commodities in 2020. A 10% increase in the price of the commodities used by Stahl would have led to a theoretical increase in the cost of these raw materials of around €30 million on a full-year basis. Stahl nevertheless considers that, circumstances permitting, a short-term increase in the sales price of its products would offset the overall effect of such raw material price increases.

Constantia Flexibles purchased around €779 million of commodities in 2020. A 10% increase in the price of the raw materials used by Constantia Flexibles would have led to a theoretical increase in the cost of these raw materials of around €78 million on a full-year basis. Constantia Flexibles has a policy of protecting itself against fluctuations in aluminum prices through hedging contracts. Moreover, the Company believes that an increase in the sales price of its products would offset the overall effect of such increases in the short term.

NOTE 7 Segment information

The business sectors correspond to the shareholdings:

- Bureau Veritas – certification and verification;
- Constantia Flexibles – flexible packaging;
- Cromology – paint manufacturing and distribution;
- Stahl – high-performance coatings and leather-finishing products;
- Tsebo – business services, sold at the end of 2020;
- Crisis Prevention Institute (CPI) – Training services; and
- IHS – equity method – mobile telecommunications infrastructures in Africa, Middle East and Latin America.

The analysis of the income statement by business sector is split between net income from operations, non-recurring items and effects related to goodwill.

In accordance with the recommendations of the various accounting standard setters, the costs incurred by the pandemic have not been specifically restated in the income statement and are presented in operating income from ordinary activities.

Net income from operations

Net income from operating segments is the Group's "recurring" income. It consists of net income from investments and from holding companies and excludes non-recurring items and the impact of goodwill, as defined below:

- income from equity investments is defined as the net income of companies under exclusive control (full consolidation: Bureau Veritas, Constantia Flexibles, Cromology, Stahl, Tsebo and CPI) and Wendel's share in the net income of equity investments recognized using the equity method (IHS) before non-recurring items and effects related to goodwill allocations;
- the net income of holding companies incorporates the general and administrative expenses of Wendel and its holding companies, the cost of the net debt put in place to finance Wendel and its holding companies, and the tax expense and income connected with these items. The amounts shown are those recognized at the level of Wendel and all of its consolidated financial holding companies (excluding acquisition holding companies and operating subsidiaries).

Non-recurring income

"Non-recurring income" includes, for the entire scope of consolidation, the net after-tax amounts not linked to the operating or ordinary activities of subsidiaries and associates or to the recurring operations of Wendel and its holding companies:

- capital gains and losses from the divestment of assets;
- restructuring costs considered exceptional;
- exceptional legal disputes, notably those that are not linked to operating activities;
- changes in "fair value";
- impairment losses on assets, and in particular on the value of goodwill;
- currency impact on financial liabilities;
- financial restructuring expenses and the income and expenses related to extinguishing debt; and
- any other significant item unconnected with the Group's recurring operations.

Impact of goodwill allocation

The impact of goodwill on the income statement derives from the revaluation of assets and liabilities carried out at the time of the acquisition (or from changes in allocation within 12 months of the transaction). The affected items are primarily:

- inventories and work-in-progress;
- property, plant & equipment;
- intangible assets, including brands and contracts; and
- the related deferred taxes.

These accounting items modify net income from investments by disconnecting the income statement from the cash flows deriving from the business activity of those companies (because the accounting entries relate to the companies' acquisition prices and not their business activities).

Note 7-1 Income statement by business sector for 2020

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	Equity associates IHS	Wendel & Holding companies	Total Group
Net income from operations									-
Net sales	**4,601.0**	**1,505.3**	**627.6**	**669.4**	**-**	**56.0**	**-**	**-**	**7,459.2**
EBITDA[1]	**N/A**	**183.3**	**96.9**	**152.3**	**-**	**22.9**	**-**	**-**	
Adjusted operating income[1]	**615.0**	**79.4**	**44.8**	**124.4**	**-1.4**	**15.8**	**-**	**-**	**878.0**
Other recurring operating items	-	2.0	1.3	1.5	0.7	0.4	-	-	-
Operating income	**615.0**	**81.4**	**46.0**	**125.9**	**-0.7**	**16.2**	**-**	**-63.7**	**820.2**
Finance costs, net	-105.6	-16.9	-18.3	-18.2	-	-25.7	-	-33.5	-218.2
Other financial income and expenses	-32.2	-3.6	-0.3	-1.5	-0.7	-0.5	-	-15.9	-54.7
Tax expense	-174.7	-11.4	-11.6	-27.9	-	7.4	-	-1.1	-219.3
Share in net income of equity-method investments	0.1	0.0	-0.2	-	-	-	-5.3	-	-5.4
Net income from discontinued operations and operations held for sale	-	-	-	-	-6.2	-	-	-	-6.2
RECURRING NET INCOME FROM OPERATIONS	**302.8**	**49.5**	**15.6**	**78.3**	**-7.6**	**-2.6**	**-5.3**	**-114.2**	**316.4**
Recurring net income from operations – non-controlling interests	200.7	18.3	0.7	25.1	-5.5	-0.1	-0.0	-0.1	239.2
RECURRING NET INCOME FROM OPERATIONS – GROUP SHARE	**102.1**	**31.2**	**14.9**	**53.2**	**-2.1**	**-2.5**	**-5.3**	**-114.2**	**77.3**
Non-recurring income									-
Operating income	-207.7	-126.0	-8.1	-23.6	-	-135.1	-	-18.6[2]	-519.2
Net financial expense	-	-2.6	-	26.7[4]	-	-	-	8.6[3]	32.7
Tax expense	43.9	23.7	0.5	-0.5	-	24.6	-	-	92.3
Share in net income of equity-method investments	-	-0.1	-	-	-	-	-58.0[5]	-	-58.1
Net income from discontinued operations and operations held for sale	-	-	-	1.0	-95.1[6]	-	-	-1.0	-95.1
NON-RECURRING NET INCOME	**-163.8**	**-105.0**	**-7.6**	**3.6**	**-95.1**	**-110.5**	**-58.0**	**-11.1**	**-547.4**
of which:									
■ Nonrecurring items	-33.2	-21.6	-7.2	19.1	-	-1.7	-52.8	-11.1	-108.5
■ Impact of goodwill allocation	-104.0	-29.6	-0.3	-15.5	-	-21.4		-	-171.0
■ Asset impairment	-26.6	-53.9	-	-	-95.1	-87.3	-5.2	-	-268.0
Non-recurring net income – non-controlling interests	-106.6	-40.6	-0.4	1.2	-55.2	-4.3	-0.2	-0.0	-206.1
NON-RECURRING NET INCOME – GROUP SHARE	**-57.2**	**-64.5**	**-7.2**	**2.5**	**-39.9**	**-106.1**	**-57.9**	**-11.1**	**-341.4**
CONSOLIDATED NET INCOME	**138.9**	**-55.5**	**8.0**	**81.9**	**-102.7**	**-113.0**	**-63.3**	**-125.3**	**-231.0**
Consolidated net income – non-controlling interests	94.1	-22.3	0.4	26.3	-60.7	-4.4	-0.2	-0.1	33.1
CONSOLIDATED NET INCOME – GROUP SHARE	**44.8**	**-33.2**	**7.7**	**55.6**	**-42.0**	**-108.6**	**-63.1**	**-125.2**	**-264.1**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) This item includes the net income from the unwinding of the guarantee relating to the financing of an investor of Tsebo (see note 3 "Changes in scope of consolidation") and the impact of to the co-investment mechanisms for €-20 million.
(3) This item includes the foreign exchange impact for the period for +€3.2 million and the change in the fair value of Wendel Lab's financial assets for +€3.1 million.
(4) This item includes the foreign exchange impact for the period of +€31.9 million.
(5) This item includes the exchange rate impact for the period of €-71.4 million and the fair value of derivatives for +€20.4 million.
(6) See note 3 "Changes in scope of consolidation" on Tsebo.

Note 7-2 Income statement by business sector for 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Equity associates	Equity associates – IHS	Equity associates – Allied Universal	Wendel & Holding companies	Total Group
Net income from operations									-
Net sales	**5,099.7**	**1,534.3**	**667.8**	**808.7**	**-**	**-**	**-**	**-**	**8,110.5**
EBITDA(1)	**N/A**	**186.1**	**73.0**	**183.0**	**-**	**-**	**-**	**-**	
Adjusted operating income(1)	**831.5**	**82.9**	**24.1**	**155.6**	**-**	**-**	**-**	**-**	**1,094.0**
Other recurring operating items		2.0	0.9	1.5	0.9	-	-	-	-
Operating income	**831.5**	**84.9**	**25.0**	**157.1**	**0.9**	**-**	**-**	**-71.1**	**1,028.3**
Finance costs, net	-102.7	-18.7	-25.0	-26.7	-	-	-	-67.9	-240.9
Other financial income and expenses	-15.9	-0.7	-0.5	-0.4	-	-	-	4.8 (2)	-12.8
Tax expense	-235.8	-21.3	-18.9	-34.9	-	-	-	-1.5	-312.3
Share in net income of equity-method investments	0.6	-2.4	0.2	-	-	-60.9	58.5	-	-4.0
Net income from discontinued operations and operations held for sale	-	2.4	-	-0.9	-10.1	-	-	-	-8.6
RECURRING NET INCOME FROM OPERATIONS	**477.7**	**44.2**	**-19.2**	**94.3**	**-9.2**	**-60.9**	**58.5**	**-135.7**	**449.7**
Recurring net income from operations – non-controlling interests	315.0	16.1	-0.8	30.6	-4.7	-0.3	0.0	8.4	364.2
RECURRING NET INCOME FROM OPERATIONS – GROUP SHARE	**162.7**	**28.2**	**-18.4**	**63.7**	**-4.5**	**-60.6**	**58.5**	**-144.1**	**85.4**
Non-recurring income									-
Operating income	-110.2	-78.4	-28.2	-44.1	-	-	-	-40.8 (3)	-301.6
Net financial expense	-	12.0	-47.3	-10.0	-	-	-	29.1 (4)	-16.2
Tax expense	25.1	18.6	4.8	13.6	-	-	-	-	62.2
Share in net income of equity-method investments	-	2.4	-	-	-	-18.1	-98.5	-	-114.2
Net income from discontinued operations and operations held for sale	-	-	-	-	-105.4	-	-	651.1 (5)	545.7
NON-RECURRING NET INCOME	**-85.1**	**-45.4**	**-70.6**	**-40.5**	**-105.4**	**-18.1**	**-98.5**	**639.3**	**175.9**
of which:									-
■ Nonrecurring items	-25.4	-3.5	-57.6	-21.0	-105.4	-13.9	-69.5	639.3	342.9
■ Impact of goodwill allocation	-59.6	-29.8	-0.4	-19.3	-	-	-29.0	-	-138.2
■ Asset impairment	-	-12.0	-12.6	-0.1	-	-4.1	-	-	-28.9
Non-recurring net income – non-controlling interests	-54.5	-19.8	-5.8	-13.1	-38.2	-0.1	-0.5	-6.4	-138.4
NON-RECURRING NET INCOME – GROUP SHARE	**-30.6**	**-25.6**	**-64.8**	**-27.3**	**-67.2**	**-18.0**	**-98.0**	**645.7**	**314.3**
CONSOLIDATED NET INCOME	**392.6**	**-1.2**	**-89.8**	**53.8**	**-114.6**	**-79.0**	**-40.0**	**503.7**	**625.6**
Consolidated net income – non-controlling interests	260.5	-3.8	-6.6	17.4	-42.9	-0.4	-0.4	2.1	225.8
CONSOLIDATED NET INCOME – GROUP SHARE	**132.2**	**2.6**	**-83.2**	**36.4**	**-71.7**	**-78.6**	**-39.5**	**501.6**	**399.7**

(1) Before the impact of goodwill allocation, non-recurring items and management fees.
(2) Including +€4.1 million corresponding to dividends received from Saint-Gobain.
(3) This item notably included the effect of the recognition of the provision for the guarantee relating to the financing of Tsebo's investor of €-27 million (see note 16.1 on provisions).
(4) This item notably included the change in fair value of the cross-currency swap for €-21.4 million, the intra-Group interest received from Cromology Group for +€47.3 million, the cost of the early redemption of bonds for €-20 million, and the positive result of +€21.2 million related to the unwinding of the co-investment mechanism of the former managers of Materis.
(5) This item notably included the proceeds from the disposal of Allied Universal for €644.2 million and PlaYce for €7.3 million.

Note 7-3 Balance sheet by operating segment as of December 31, 2020

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	CPI	IHS	Wendel & Holding companies	Total Group
Goodwill, net	2,314.9	458.8	177.0	127.7	410.3	-	-	3,488.6
Intangible assets, net	624.8	383.0	169.7	229.0	284.8	-	0.9	1,692.3
Property, plant & equipment, net	348.8	564.4	59.5	124.0	2.7	-	9.6	1,109.0
Property, plant and equipment under operating leases	375.7	28.6	106.7	14.3	3.6	-	1.6	530.5
Non-current financial assets	104.8	69.7	8.6	3.3	0.2	-	134.2	320.8
Pledged cash and cash equivalents	-	-	-	-	-	-	0.4	0.4
Equity-method investments	0.9	0.2	0.1	-	-	224.1	-	225.2
Deferred tax assets	136.7	22.4	29.1	18.5	0.0	-	-	206.6
Non-current assets	**3,906.5**	**1,527.2**	**550.7**	**516.8**	**701.5**	**224.1**	**146.7**	**7,573.4**
Assets and operations held for sale	**-**	**-**	**-**	**8.3**	**-**	**-**	**-**	**8.3**
Inventories	41.8	211.3	68.9	93.9	0.6	-	-	416.4
Trade receivables	1,055.2	123.3	48.7	142.6	5.4	-	0.2	1,375.3
Contract assets (net)	232.1	-	-	-	-	-	-	232.1
Other current assets	235.7	29.9	43.0	13.1	1.3	-	4.6	327.5
Current income tax assets	46.1	8.7	-	1.9	2.4	-	1.9	61.0
Other current financial assets	23.7	7.4	-	0.1	-	-	280.7	311.9
Cash and cash equivalents	1,594.5	164.5	168.0	163.7	10.7	-	798.9	2,900.3
Current assets	**3,229.1**	**545.1**	**328.5**	**415.3**	**20.3**	**-**	**1,086.3**	**5,624.6**
TOTAL ASSETS								**13,206.3**
Shareholders' equity – Group share	-	-	-	-	-	-	-	2,003.7
Non-controlling interests	-	-	-	-	-	-	-	1,283.8
Total shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,287.5**
Provisions	290.2	70.9	46.1	29.8	-	-	16.5	453.4
Financial debt	2,376.2	539.0	187.1	357.8	256.1	-	1,596.7	5,312.9
Operating lease liabilities	320.4	25.0	84.5	13.8	3.0	-	1.6	448.4
Other non-current financial liabilities	91.4	10.8	-	-	18.8	-	162.9	283.9
Deferred tax liabilities	135.4	114.4	53.3	37.4	56.0	-	0.1	396.7
Total non-current liabilities	**3,213.6**	**760.1**	**371.0**	**438.9**	**333.9**	**-**	**1,777.8**	**6,895.3**
Liabilities held for sale	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Provisions	-	3.4	2.4	0.1	0.2	-	-	6.1
Financial debt	550.5	13.3	3.2	32.2	20.6	-	27.1	646.8
Operating lease liabilities	99.3	6.1	25.8	2.3	0.9	-	-	134.4
Other current financial liabilities	57.6	2.0	-	105.2	-	-	14.7	179.5
Trade payables	453.2	230.8	97.6	72.5	1.4	-	6.5	862.0
Other current liabilities	831.3	78.3	85.3	36.4	2.4	-	19.4	1,053.0
Current income tax assets	125.8	8.2	-	7.6	-	-	0.0	141.6
Total current liabilities	**2,117.7**	**342.0**	**214.4**	**256.3**	**25.5**	**-**	**67.8**	**3,023.6**
TOTAL EQUITY AND LIABILITIES								**13,206.3**

Note 7-4 Balance sheet by operating segment as of December 31, 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	IHS	Allied	Wendel & Holding companies	Total Group
Goodwill, net	2,447.1	472.7	168.9	130.2	95.7	797.5	-	-	-	4,112.0
Intangible assets, net	808.6	457.6	179.9	250.2	70.6	2.0	-	-	-	1,769.0
Property, plant & equipment, net	444.9	614.9	65.3	136.3	13.6	3.5	-	-	12.8	1,291.3
Property, plant and equipment under operating leases	369.0	32.6	102.6	15.9	5.8	4.5	-	-	6.4	536.9
Non-current financial assets	117.4	67.0	7.7	2.7	1.9	0.2	-	180.9	102.8	480.4
Pledged cash and cash equivalents	-	-	-	-	-	-	-	-	16.6	16.6
Equity-method investments	0.9	0.3	1.5	-	2.0	-	289.4	-	-	294.0
Deferred tax assets	132.1	21.1	35.3	21.0	3.8	3.4	-	-	0.4	217.2
Non-current assets	**4,319.9**	**1,666.2**	**561.3**	**556.4**	**193.4**	**811.0**	**289.4**	**180.9**	**138.9**	**8,717.5**
Assets and operations held for sale	**-**	**-**	**-**	**7.3**	**48.0**	**-**	**-**	**-**	**-**	**55.3**
Inventories	56.0	227.4	74.3	100.6	6.2	1.0	-	-	-	465.6
Trade receivables	1,255.4	146.7	88.7	147.6	51.0	7.7	-	-	0.3	1,697.4
Contract assets (net)	226.0	-	-	-	-	-	-	-	-	226.0
Other current assets	208.6	27.1	50.1	18.6	20.1	4.7	-	18.0	7.4	354.5
Current income tax assets	47.0	15.8	-	4.3	0.7	-	-	-	0.2	68.0
Other current financial assets	27.8	1.1	-	0.2	-	-	-	-	337.9	367.0
Cash and cash equivalents	1,477.8	101.8	87.3	142.1	26.5	3.1	-	0.1	785.9	2,624.7
Current assets	**3,298.6**	**520.0**	**300.5**	**413.4**	**104.5**	**16.5**	**-**	**18.1**	**1,131.7**	**5,803.3**
TOTAL ASSETS										**14,576.0**
Shareholders' equity – Group share	-	-	-	-	-	-	-	-	-	2,423.1
Non-controlling interests	-	-	-	-		-	-	-	-	1,392.5
Total shareholders' equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**3,815.6**
Provisions	265.0	70.7	49.4	29.3	-	-	-	-	41.8	456.1
Financial debt	2,918.5	497.5	187.4	416.4	-0.0	280.8	-	-	1,596.0	5,896.7
Operating lease liabilities	326.0	27.1	79.0	16.2	-	3.5	-	-	6.5	458.2
Other non-current financial liabilities	115.7	14.4	-	115.7	2.2	18.8	-	-	188.0	454.9
Deferred tax liabilities	173.9	140.0	54.2	26.8	21.8	-	-	-	0.1	416.8
Total non-current liabilities	**3,799.1**	**749.7**	**369.9**	**604.4**	**24.0**	**303.2**	**-**	**-**	**1,832.3**	**7,682.6**
Liabilities held for sale	**-**	**-**	**-**	**-**	**15.4**	**-**	**-**	**-**	**-**	**15.4**
Provisions	-	1.2	3.3	0.1	-	-	-	-	0.4	5.1
Financial debt	369.0	25.3	4.1	66.0	124.4	10.9	-	-	27.8	627.4
Operating lease liabilities	92.6	6.5	24.5	1.4	6.8	0.9	-	-	-	132.8
Other current financial liabilities	84.1	9.1	-	3.8	2.3	-	-	-	13.3	112.5
Trade payables	441.3	263.5	91.2	78.8	48.2	1.2	-	0.1	12.8	937.0
Other current liabilities	854.5	63.8	84.8	41.9	18.5	3.3	-	-	25.1	1,091.9
Current income tax assets	137.4	14.4	-	3.4	0.0	-	-	-	0.5	155.6
Total current liabilities	**1,978.8**	**383.7**	**208.0**	**195.3**	**200.2**	**16.3**	**-**	**0.1**	**79.9**	**3,062.3**
TOTAL EQUITY AND LIABILITIES										**14,576.0**

Note 7-5 Cash flow statement by business segment for 2020

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	CPI	Wendel & Holding companies	Total Group
Net cash flows from operating activities, excluding tax	975.6	173.5	146.5	138.7	-	26.6	-62.2	1,398.6
Net cash flows from investing activities, excluding tax	-99.7	-95.8	-12.5	-19.4	-26.5	-0.9	234.4	-20.2
Net cash flows from financing activities, excluding tax	-558.8	-2.8	-46.3	-83.6	-	-15.7	-172.0	-879.1
Net cash flows related to taxes	-171.2	-9.6	-6.9	-9.7	-	-1.6	-3.1	-202.2

Note 7-6 Cash flow statement by business segment for 2019

In millions of euros	Bureau Veritas	Constantia Flexibles	Cromology	Stahl	Tsebo	Wendel & Holding companies	Total Group
Net cash flows from operating activities, excluding tax	1,012.1	202.7	95.0	162.9	13.0	-61.2	1,424.5
Net cash flows from investing activities, excluding tax	-194.1	46.8	-10.0	-29.7	-6.7	599.9	406.3
Net cash flows from financing activities, excluding tax	-193.4	-134.4	-63.8	-90.4	5.5	-1,555.0	-2,031.6
Net cash flows related to taxes	-192.4	-30.4	-19.2	-27.8	-2.9	-	-272.7

6.8 Notes to the balance sheet

The accounting principles applied to the aggregates on the balance sheet are described in Note 1-9.1 "Presentation of the balance sheet".

NOTE 8 Goodwill

The accounting principles applied to goodwill are described in Note 1-8.1 "Goodwill".

	12/31/2020		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,457.9	-143.0	2,314.9
Constantia Flexibles	467.4	-8.5	458.8
Cromology	403.9	-227.0	177.0
Stahl	127.7	-	127.7
CPI	433.1	-22.8	410.3
TOTAL	**3,890.0**	**-401.3**	**3,488.6**

	12/31/2019		
In millions of euros	Gross amount	Impairment	Net amount
Bureau Veritas	2,589.6	-142.5	2,447.1
Constantia Flexibles	472.7	-	472.7
Cromology	404.0	-235.1	168.9
Stahl	130.2	-	130.2
Tsebo	185.6	-89.9	95.7
CPI	797.5	-	-
TOTAL	**4,579.6**	**-467.6**	**4,112.0**

The principal changes during the year were as follows:

In millions of euros	2020	2019
Net amount at beginning of period	4,112.0	3,339.8
Changes in scope of consolidation	1.4	814.7
Reclassification under "Operations held for sale"(1)	-97.6	-27.7
Impact of changes in currency translation adjustments and other	-187.7	60.9
Goodwill allocation of CPI(2)	-306.3	-
Impairment for the period	-33.2	-75.8
NET AMOUNT AT END OF PERIOD	**3,488.6**	**4,112.0**

(1) See note 3 "Changes in scope of consolidation" for Tsebo.
(2) At December 31, 2019, the difference between the purchase price and the Net Asset Value of CPI was recorded as goodwill. During the first half of 2020 this estimation has been reviewed as part of the goodwill allocation. See note 3 "Changes in scope of consolidation".

Note 8-1 Goodwill impairment tests

In accordance with accounting standards, goodwill for each CGU (Cash Generating Unit) is tested for impairment as soon as there is any indication that its value may be impaired, and at least once per year on December 31 (see the Accounting principles section, Note 1-8.1 "Goodwill"). The Group's CGUs are fully consolidated investments at December 31, 2020: Bureau Veritas, Constantia Flexibles, Cromology, Stahl and CPI.

The tests described below are based on Wendel's assessment of the facts and circumstances existing at the balance sheet date, as well as information available at the date on which the financial statements were finalized on the positions existing at December 31, 2020. Forecasts are inherently uncertain and actual amounts could therefore be significantly different from the forecasts made under these tests. If so, values in use may also be different from those determined on the basis of assumptions and estimates at the end-December 2020 closing date.

The tests are performed in accordance with IAS 36 "Impairment of assets". They consist in comparing the carrying value of subsidiaries and associates with their recovery value (the highest between value the fair value and the value in use).

Note 8-1.1 Goodwill impairment tests at Bureau Veritas (listed company)

The carrying amount of the Bureau Veritas shares at year-end 2020 (€5.1 per share, or €824 million for the shares held) was significantly below their fair value (closing share price: €21.8 per share, or €3,500 million for the shares held). The use of value in use to perform the test is therefore not necessary and no impairment was recorded by Wendel on this investment.

During the year in 2020, Bureau Veritas identified an impairment indicator for certain intangible assets resulting from acquisitions. The values in use for the test assumed a scenario of a gradual return to a pre-COVID-19 level of activity in 2023. A change in value correction was recorded by Bureau Veritas on a limited number of its intangible assets obtained through acquisitions, for a total of €72.6 million. Depreciation and amortization schedules have been revised accordingly. In accordance with the Group's accounting principles, the recognition of this loss has been maintained in Wendel's consolidated financial statements.

Note 8-1.2 Goodwill impairment tests of unlisted subsidiaries: Constantia Flexibles, Cromology, Stahl and CPI

Equity interests performed impairment tests on their own CGUs. The main losses resulting from these tests concern:

- Constantia Flexibles, which recorded an impairment loss of €50 million on the assets of its Indian division (€40 million net of deferred taxes), in addition to the €10 million recorded on its Afripack division in June 2020; the amount of these losses recognized on the goodwill of Constantia Flexibles amounts to €8.6 million; and
- CPI, which recognized an impairment loss of $120 million, including $28 million on its goodwill and $92 million (net of deferred taxes) on its intangible assets. This impairment is based on a business plan developed from a strategic analysis prepared by the management of CPI in the second half of 2020. It takes into account a recovery in activity from the end of 2021 with a higher level of sales and EBITDA than in 2019 from 2022. The discount rate used is 9% and the long-term growth rate is 3% after the 5th year of the business plan. In the event of an increase in the discount rate to 10% or a reduction in the growth rate to 2%, an additional impairment would have been recognized for respectively $106 million or $95 million. Similarly, if the resumption of activity were postponed for one year, the impairment would have been higher, by $89 million.

In accordance with the Group's accounting principles, these losses have been maintained in Wendel's consolidated financial statements.

For the tests performed by Wendel on unlisted investments, the values in use determined by Wendel for these tests are based on discounted future cash flows. The business plans used were prepared by Wendel on the basis of those drawn up by the subsidiaries and using the latest information available on the underlying markets. For each of the subsidiaries, the value of Wendel's share in the capital is compared to the book value.

No losses were recognized by Wendel in addition to those already recognized by the equity investments on their own CGUs.

The description of the tests carried by Wendel on its unlisted investments is as follows:

In millions of euros		CPI	Stahl	Cromology	Constantia Flexibles
Net Book value before test (Group Share)		360	166	279	593
Impairment		-	-	-	-
Net Book value after test (Group Share)		360	166	279	593
Business Plan length (years)		5 years	5 years	5 years	5 years
Discount rate	as of Dec. 31, 2020	9.00%	9.00%	8.00%	7.50%
	as of Dec. 31, 2019	n.a.	9.00%	8.00%	8.00%
	impact on central case value in case of a 0.5% increase	-49	-	-	-
	impact on central case value in case of a 0.5% decrease	-	-	-	-
	threshold at which value becomes inferior to the Net Book Value	9.00%	22.38%	8.93%	8.20%
Perpetual growth	as of Dec. 31, 2020	+3.00%	+2.00%	+1.50%	+2.00%
	as of Dec. 31, 2019	n.a.	+2.00%	+1.50%	+2.00%
	impact on central case value in case of a 0.5% increase	-	-	-	-
	impact on central case value in case of a 0.5% decrease	-41	-	-	-
	threshold at which value becomes inferior to the Net Book Value	+3.00%	-26.07%	+0.75%	+1.07%
Impact on central case value in case of a 1.0% decrease in operational margin		-11	-	-6	-4

CPI:

The business plan is identical to that used by CPI for its own impairment tests, see description above.

Stahl:

The business plan used for this test assumes a gradual recovery of activity and a return to the level of 2019 EBITDA in 2023.

Cromology:

The business plan used for this test assumes an average annual growth rate of +2.6% between 2020 and 2025 and a gradual increase in the EBITDA margin of 1% over the period.

Constantia Flexibles:

The business plan used for this test assumes that Constantia Flexibles grows at the same rate as its market over the duration of the plan. The EBITDA margin gradually increases to its historical level as a percentage of revenue in 2025 and capital expenditure is gradually reduced to a normative level in 2025.

NOTE 9 Intangible assets

The accounting principles applied to intangible assets are described in Notes 1-8.2 “Intangible assets”, 1-8.3 “Other intangible assets” and 1-8.6 “Impairment of property, plant & equipment and intangible assets”.

The details by subsidiary are presented in Note 7 “Segment information”.

See note 8-1 “Goodwill impairment tests” for the detail of impairments on intangible assets.

Intangible assets excluding rights of use consist of:

	12/31/2020							
In millions of euros	Opening	Acquisitions	Divestments	Depreciation, amortization and impairment	Changes in scope of consolidation	Impact of currency translation adjustments and other	Changes due to operations held for sale[(1)]	Closing
Software	32.5	6.0	-0.1	-17.3	-	10.7	-	31.8
Concessions, patents and similar rights	12.9	1.3	-0.1	-28.2	-	103.4	-	89.3
Leasehold rights	0.7	0.1	-	-0.1	-	-0.1	-	0.6
Customer relationships	1,122.7	-	-5.8	-268.8	1.7	129.1	-44.4	934.5
Brands	394.7	-	-	-24.1	-	105.8	-27.6	448.8
Property, plant and equipment in progress	30.8	21.4	-	-	-0.1	-29.8	-	22.3
Other property, plant & equipment	174.7	23.3	-6.8	-38.9	0.3	12.5	-	165.0
TOTAL	**1,769.0**	**52.1**	**-12.9**	**-377.3**	**1.9**	**331.6**	**-72.0**	**1,692.3**
of which gross	**3,620.0**							**3,777.1**
of which depreciation and amortization	**-1,851.0**							**-2,084.9**

(1) In 2020, this amount corresponds to the reclassification of Tsebo’s intangible assets as non-current assets held for sale.

	12/31/2019							
In millions of euros	Opening	Acquisitions	Divestments	Depreciation, amortization and impairment	Changes in scope of consolidation	Impact of currency translation adjustments and other	Changes due to operations held for sale	Closing
Software	25.3	5.8	-0.8	-11.4	1.1	12.6	-	32.5
Concessions, patents and similar rights	13.0	2.1	-0.1	-5.1	-	2.9	-	12.9
Leasehold rights	-	-	-	-	0.7	-	-	0.7
Customer relationships	1,244.5	-	-	-168.7	33.0	21.5	-7.6	1,122.7
Brands	415.7	-	-0.3	-18.0	-	1.7	-4.3	394.7
Property, plant and equipment in progress	34.3	26.6	-0.1	-	-	-30.0	-	30.8
Other property, plant & equipment	171.1	25.5	-2.5	-37.8	1.5	17.1	-0.3	174.7
TOTAL	**1,903.9**	**60.0**	**-3.8**	**-241.0**	**36.2**	**25.9**	**-12.2**	**1,769.0**
of which gross	**3,508.0**							**3,620.0**
of which depreciation and amortization	**-1,604.1**							**-1,851.0**

NOTE 10 Property, plant & equipment

The accounting principles applied to property, plant & equipment are described in Notes 1-8.4 "Property, plant & equipment" and 1-8.6 "Impairment of property, plant & equipment and intangible assets".

The details by subsidiary are presented in Note 7 "Segment information".

Property, plant & equipment excluding rights of use consist of:

	12/31/2020							
In millions of euros	Opening	Acquisitions[1]	Divestments	Depreciation, amortization and impairment	Changes in scope of consolidation	Impact of currency translation adjustments and other	Changes due to operations held for sale	Closing
Land	102.2	1.9	-0.7	-2.0	-	-2.9	-0.8	97.6
Buildings	289.1	5.0	-4.9	-26.1	0.2	0.9	-0.6	263.7
Plant, equipment, and tooling	713.8	76.1	-22.2	-177.0	-0.2	14.7	-4.4	600.9
Property, plant and equipment in progress	63.5	64.9	-0.7	-	-0.1	-73.1	-0.2	54.4
Other property, plant & equipment	122.8	18.7	-2.8	-39.0	0.1	2.0	-9.4	92.5
TOTAL	**1,291.3**	**166.6**	**-31.3**	**-244.1**	**0.1**	**-58.3**	**-15.4**	**1,109.0**
of which gross	**3,019.8**							**2,890.3**
of which depreciation and amortization	**-1,728.5**							**-1,781.3**

(1) In 2020, the acquisitions concern mainly Bureau Veritas for €69.6 million and Constantia Flexibles for €77.8 million.

	12/31/2019							
In millions of euros	Opening	Acquisitions[1]	Divestments	Depreciation, amortization and impairment	Changes in scope of consolidation	Impact of currency translation adjustments and other	Changes due to operations held for sale	Closing
Land	113.0	1.6	-0.2	-0.1	0.1	-9.8	-2.2	102.2
Buildings	274.2	9.3	-2.0	-19.4	1.1	30.6	-4.7	289.1
Plant, equipment, and tooling	737.9	88.3	-5.3	-177.4	3.7	67.9	-1.3	713.8
Property, plant and equipment in progress	75.1	87.8	-0.4	-	0.3	-99.2	-	63.5
Other property, plant & equipment	129.9	31.3	-3.4	-42.9	3.5	4.7	-0.3	122.8
TOTAL	**1,330.0**	**218.3**	**-11.3**	**-239.9**	**8.6**	**-5.8**	**-8.6**	**1,291.3**
of which gross	**2,872.3**							**3,019.8**
of which depreciation and amortization	**-1,542.3**							**-1,728.5**

(1) In 2019, the acquisitions concern mainly Bureau Veritas for €92.8 million and Constantia Flexibles for €94.3 million.

The rights of use arising from the application of IFRS 16 consist of:

	12/31/2020		
In millions of euros	Gross amount	Amortization and provision	Net amount
Buildings	629.2	-198.3	430.8
Plant, equipment, and tooling	3.4	-1.7	1.8
Other property, plant & equipment	155.1	-57.2	97.9
TOTAL	**787.7**	**-257.2**	**530.5**

	12/31/2019		
In millions of euros	Gross amount	Amortization and provision	Net amount
Land	4.5	-	4.5
Buildings	559.5	-110.8	448.7
Plant, equipment, and tooling	3.2	-1.1	2.1
Other property, plant & equipment	111.1	-29.4	81.6
TOTAL	**678.3**	**-141.4**	**536.9**

NOTE 11 Equity-method investments

The accounting principles applied to equity-method investments are described in Note 1-1 “Methods of consolidation”.

In millions of euros	12/31/2020	12/31/2019
IHS	224.1	289.4
Investments of Constantia Flexibles	0.2	0.3
Investments of Bureau Veritas	0.9	0.9
Investments of Tsebo	-	2.0
Investments of Cromology	0.1	1.5
TOTAL EQUITY-METHOD INVESTMENTS	**225.2**	**294.0**

The change in equity-method investments breaks down as follows:

In millions of euros	2020
Amount at beginning of the period	**294.0**
Share in net income for the period	
IHS	-63.2
Other	-0.3
Dividends for the period	-0.1
Impact of changes in currency translation adjustments	-3.5
Consequences of changes in scope of consolidation	-1.1
Other	-0.5
AMOUNT AT END OF PERIOD	**225.2**

Note 11-1 Additional information on IHS

The main IHS accounting data (at 100%) are the following (including the impact of the goodwill recognized on acquiring the equity).

In millions of euros	12/31/2020	12/31/2019
Carrying values at 100%		
Total non-current assets	2,818.3	2,617.9
Total current assets	806.2	1,089.3
Goodwill adjustment (Wendel)	60.5	66.7
TOTAL ASSETS	**3,685.1**	**3,774.0**
Non-controlling interests	11.6	-
Total non-current liabilities	2,069.8	1,929.8
Total current liabilities	559.2	504.2
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,640.5**	**2,434.0**
including cash and cash equivalents	*477.1*	*800.1*
including financial debt	*2,052.0*	*1,830.0*

In millions of euros	2020	2019
Net sales	1,231.2	1,099.7
Operating income	289.0	-140.3
Financial result, excluding foreign exchange	-91.7	-180.8
Currency impact on financial liabilities	-333.7	-43.0
Net income – Group share	-284.8	-378.3

Note 11-2 Impairment tests on equity-method investments

No impairment tests have been carried out at IHS since no indication of impairment losses were identified.

NOTE 12 Customers

In millions of euros	12/31/2020 Gross amount	12/31/2020 Impairment	12/31/2020 Net amount	12/31/2019 Net amount
Bureau Veritas	1,132.8	-77.7	1,055.2	1,255.4
Constantia Flexibles	127.3	-4.1	123.3	146.7
Cromology	55.8	-7.1	48.7	88.7
Stahl	150.1	-7.5	142.6	147.6
Tsebo	-	-	-	51.0
CPI	5.5	-0.1	5.4	7.7
Holding companies & others	0.3	-0.2	0.2	0.3
TOTAL ACCOUNTS RECEIVABLE	**1,472.0**	**-96.7**	**1,375.3**	**1,697.4**

NOTE 13 Cash and cash equivalents

The accounting principles applied to cash and cash equivalents are described in Note 1-8.10 "Cash and cash equivalents pledged and unpledged".

In million euros	12/31/2020 Net amount	12/31/2019 Net amount
Cash and cash equivalents accounts of Wendel and holding companies pledged as collateral classified as non-current assets	0.4	16.6
Unpledged cash and cash equivalents of Wendel and its holding companies, classified as currents assets	799.0	786.1
Cash and cash equivalents of Wendel and its holding companies(1)	**799.4**	**802.7**
Bureau Veritas	1,594.5	1,477.8
Constantia Flexibles	164.5	101.8
Cromology	168.0	86.5
Stahl	163.7	142.1
Tsebo	0.0	26.5
CPI	10.7	3.1
Other holding companies	-	0.8
Total cash and cash equivalents from investments	**2,101.4**	**1,838.6**
TOTAL CASH AND CASH EQUIVALENTS	**2,900,760**	**2,641.3**
of which non-current assets	***0.4***	***16.6***
of which current assets	***2,900.3***	***2,624.7***

(1) To this cash was added €279.9 million of short-term financial investments at December 31, 2020 and €356.6 million at December 31, 2019 (see note 6-2.1 "Liquidity risk of Wendel and its holding companies"), recorded in other current financial assets.

NOTE 14 Financial assets and liabilities (excluding financial debt and operating receivables and payables)

The accounting principles applied to financial assets and liabilities are described in Notes 1-8.7 "Financial assets and liabilities" and 1-8.8 "Methods of measuring the fair value of financial instruments".

Note 14-1 Financial assets

In millions of euros	Accounting method for changes in fair value	Level	12/31/2020	12/31/2019
Pledged cash and cash equivalents of Wendel and holding companies	Income statement(1)	1	0.4	16.6
Unpledged cash and cash equivalents of Wendel and holding companies	Income statement(1)	1	799.0	785.9
Wendel's short-term financial investments	Income statement(1)	1	279.1	356.6
Cash and short-term financial investments of Wendel and holding companies			**1,078.5**	**1,159.1**
Cash and cash equivalents of subsidiaries	Income statement(1)	1 and 3	2,101.4	1,838.8
Financial assets at fair value through equity – A	Equity(2)	1	2.2	183.1
Financial assets at fair value through profit and loss – B	Income statement(1)	3	70.3	90.2
Loans	Amortized cost	N/A	0.0	0.9
Deposits and guarantees	Amortized cost	N/A	97.6	111.6
Derivatives – C	Income statement(1) and Equity(2)	see C	79.4	22.2
Other – D			104.0	82.9
TOTAL			**3,533.4**	**3,488.7**
of which non-current financial assets, including pledged cash and cash equivalents			***321.2***	***497.1***
of which current financial assets, including cash and cash equivalents			***3,212.2***	***2,991.7***

(1) Change in fair value through profit or loss.
(2) Change in fair value through equity.

Note 14-2 Financial liabilities

In millions of euros	Accounting method for changes in fair value	Level	12/31/2020	12/31/2019
Derivatives – C	Income statement(1) equity(2)	see C	8.0	12.3
Minority puts, earn-outs and other financial liabilities of subsidiaries – E	Income statement(1) equity(2)	3	277.8	353.8
Minority puts, earn-outs and other financial liabilities of Wendel and holding companies – F	Income statement(1) equity(2)	3	177.6	201.3
TOTAL			**463.4**	**567.4**
of which non-current financial liabilities			***283.9***	***454.9***
of which current financial liabilities			***179.5***	***112.5***

(1) Change in fair value through profit or loss.
(2) Change in fair value through shareholders.

Note 14-3 Details of financial assets and liabilities

A At December 31, 2019, this item mainly included the stake in Allied Universal for an amount of €180.9 million. All of these shares were sold during the 2020 fiscal year (see note 3-1: "Changes in the scope of consolidation in 2020").

B At December 31, 2020, this item included the fair value of the Wendel Lab for €68.2 million.

C Derivatives:

		12/31/2020		12/31/2019	
In millions of euros	Level	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – not qualifying for hedge accounting	2	0.6	-	2.1	5.9
Cross-currency swaps – hedging of cash flows	2	64.9	3.1	15.6	3.6
Commodities – cash flow hedges	2	7.3	1.5	-	-
Other derivatives – not qualifying for hedge accounting	2	6.7	3.4	4.5	2.9
TOTAL		**79.4**	**8.0**	**22.2**	**12.4**
of which non-current portion		***65.4***	***6.5***	***18.0***	***6.4***
of which current portion		***14.0***	***1.5***	***4.2***	***5.9***

D This item includes the cash of Constantia Flexibles pledged with its lenders for €55.5 million.

E Minority puts, earn-outs and other financial liabilities of subsidiaries: at December 31, 2020, this amount corresponds in particular to Bureau Veritas for €149 million and to Stahl for €105.2 million (including the minority put granted to BASF – see note 34-5 "Shareholder agreements and co-investment mechanisms"), Constantia Flexibles for €12 million and CPI for €9.3 million. It is largely comprised of minority put options, deposits and securities received.

F Minority puts, earn-outs and other financial liabilities of Wendel and holding companies: at December 31, 2020, this amount mainly reflected minority puts granted to the Turnauer Foundation on 50% of its investment in Constantia Flexibles. It also includes liabilities for certain liquidities granted as part of co-investments. See note 34-5 "Shareholder agreements and co-investment mechanisms".

G Interest rate swaps and currency hedging: the value of the swaps is calculated by the counterparties on the basis of the yield curve at the balance sheet date and the present value of cash flows expected from the contracts.

Notional amount	Characteristics(1)	Qualified as	Start(1)	Maturity(1)	12/31/2020	12/31/2019
	Sign convention: (+) assets, (-) liabilities					
Hedging of debt carried by Wendel						
USD 885M/EUR 800M	Pay 2.23% in US dollars against 0.24% in euros(2)	Hedge	03/2016	11/2022	64.9	15.6
Hedging of subsidiaries' debt						
EUR 80M	0.15% cap on Euribor		pre-closing	2022-23	-	0.1
USD 200M	2% cap on Libor		pre-closing	06/2022	-	-
EUR 180M	Pay 0.75% against Euribor	Hedge	pre-closing	04/2022	-3.1	-4.6
EUR 200M	2.00% cap against Euribor		pre-closing	04/2022	0.6	2.2
ZAR 1,850M	Pay 7.72% on Jibar		pre-closing	03/2021	-	-1.4
	Other				-	-3.5
TOTAL					**62.3**	**8.3**

(1) The positions indicated in this table are aggregations of several similar contracts. The characteristics are therefore weighted averages.
(2) Wendel has established cross-currency swaps to convert €800 million of its bond debt into US dollars (average exchange rate of 1.1058), see note 6-5 "Managing currency risk".

NOTE 15 Equity

Note 15-1 Total number of shares and treasury shares

The accounting principles applied to treasury shares are described in Notes 1-8.14 "Treasury shares".

	Par value	Total number of shares	Treasury shares	Number of outstanding shares
as of 12/31/2019	4 EUR	44,682,308	908,950	43,773,358
as of 12/31/2020	4 EUR	44,719,119	900,665	43,818,454

The increase of 36,811 shares comprising the share capital is explained by subscriptions by Group employees to the Company savings plan for a total amount of €2.2 million.

As of December 31, 2020, 59,974 shares were held for the purposes of the liquidity contract.

As of December 31, 2020, Wendel held 845,691 of its shares in treasury outside of the context of the liquidity contract (835,150 as of December 31, 2019).

In total, treasury shares represented 2.01% of share capital as at December 31, 2020.

Note 15-2 Non-controlling interests

In millions of euros	% interest of non-controlling interests as of December 31, 2020	12/31/2020	12/31/2019
Bureau Veritas Group	64.2%	980.2	1,005.7
Constantia Flexibles Group	39.2%	241.1	257.8
Cromology Group	4.6%	14.4	11.6
Stahl Group	32.2%	39.1	34.4
Tsebo Group	0.0%	-	70.4
CPI Group	4.0%	4.1	4.6
Other	-	5.0	8.1
TOTAL	**-**	**1,283.8**	**1,392.5**

NOTE 16 Provisions

The accounting principles applied to provisions are described in Note 1-8.11 "Provisions" and Note 1-8.12 "Provisions for employee benefits".

In millions of euros	12/31/2020	12/31/2019
Provisions for risks and contingencies	130.5	136.2
Employee benefits	329.0	325.0
TOTAL	**459.5**	**461.2**
of which non-current	*453.4*	*456.1*
of which current	*6.1*	*5.1*

Note 16-1 Provisions for risks and contingencies

In millions of euros	12/31/2019	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	Currency translation adjustments, reclassifi-cations and other	12/31/2020
Bureau Veritas								
Disputes and litigation	36.3	12.5	-3.2	-4.8	-0.6	-	-0.4	39.8
Other	35.9	27.5	-5.1	-3.4	-	-	-2.1	52.7
Cromology	20.4	5.6	-5.6	-2.3	-	-	-	18.1
Stahl	1.2	-	-0.2	-	-	-	-	1.0
Constantia Flexibles	1.3	2.2	-0.1	-	-	-	-	3.4
Wendel and holding companies	41.0	2.0	-27.1	-0.7	-	-	0.3	15.4
TOTAL	**136.2**	**49.8**	**-41.3**	**-11.2**	**-0.6**	**-**	**-2.3**	**130.5**
of which current	*5.1*							*6.1*

In millions of euros	12/31/2018	Additions	Reversals: used	Reversals: unused	Impact of discounting	Changes in scope of consolidation	Currency translation adjustments, reclassifi-cations and other	12/31/2019
Bureau Veritas								
Disputes and litigation	44.3	3.5	-6.0	-6.0	0.2	0.2	0.2	36.3
Other	60.8	13.7	-16.1	-4.6	-	7.3	-25.4	35.9
Cromology	19.1	12.9	-7.4	-4.8	-	-	0.6	20.4
Stahl	1.4	-	-0.2	-	-	-	-	1.2
Constantia Flexibles	61.1	2.5	-57.8	-5.0	0.5	-	-	1.3
Wendel and holding companies	13.7	34.4	-7.1	-	-	-	-	41.0
TOTAL	**200.3**	**67.1**	**-94.5**	**-20.4**	**0.6**	**7.5**	**-24.5**	**136.2**
of which current	*64.3*							*5.1*

Note 16-1.1 Provisions for risks and contingencies of Bureau Veritas

1. Proceedings, administrative, judicial and arbitration investigations

In the normal course of its business, Bureau Veritas is involved in a significant number of legal proceedings aimed in particular at invoking its professional civil liability. While the Group pays the greatest attention to risk control and the quality of its services, some of those services can give rise to claims and result in financial penalties.

Provisions may be recognized for any expenses that may arise from these disputes. The amount recognized in provisions is the best estimate of the expenditure required to settle the obligation, discounted at the reporting date. The costs that Bureau Veritas may be required to incur may exceed the amount of provisions for litigation due to numerous factors, notably the uncertain nature of the outcome of litigation.

2. Disputes related to the construction of a hotel and commercial complex in Turkey

Bureau Veritas Gozetim Hizmetleri Ltd. Sirketi ("BVG") and the Turkish company Aymet are parties to a dispute before the Commercial Court of Ankara concerning the construction of a hotel and commercial complex for which they entered into a contract in 2003.

As things stand, the outcome of this dispute remains uncertain although BVG' lawyers are optimistic about the appeal decision. Based on the provisions recorded by Bureau Veritas, and based on the information known to date, Bureau Veritas considers, after taking into account the opinions of its lawyers, that this incident will not have a significant adverse impact on its consolidated financial statements.

3. Uncertain tax positions

Bureau Veritas SA and some of its subsidiaries are being audited or have received proposals for adjustments that have led to discussions with the relevant local authorities at the litigation or pre-litigation stage.

At the current stage of progress of the dossiers under way and on the basis of the information known to date, Bureau Veritas considers that these risks, controls or adjustments have given rise to the appropriate amount of uncertain tax positions recorded in its financial statements.

There are no other government, administrative, legal or arbitration proceedings or investigations (including any proceedings of which Bureau Veritas is aware that are pending or with which the Group is threatened) that may have, or have had, during the previous six months, significant effects on the financial position or profitability of Bureau Veritas.

4. Other provisions for risks and contingencies

They amounted to €52.7 million and included provisions for restructuring (€12.6 million at December 31, 2020), provisions for losses on completion (€4.0 million at December 31, 2020), as well as other provisions for a total amount of €36.1 million at December 31, 2020.

Note 16-1.2 Provisions for risks and contingencies of Wendel and its holding companies

The principal disputes, claims and risks identified for Wendel and its holding companies are as follows:

- environmental risk concerning potential costs related to the rehabilitation of land which belonged to a Group subsidiary whose operations were discontinued in 1967;
- labor disputes for which a provision has been made; and
- the legal actions brought by Wendel managers as a result of the unwinding of a mechanism for participating in the Group's performance were concluded either by the withdrawal or rejection of their claims or a stay pending decisions in other individual cases. No provision has been set aside.

Note 16-2 Employee benefits

The breakdown by subsidiary was as follows:

In millions of euros	12/31/2020	12/31/2019
Bureau Veritas	197.7	192.8
Constantia Flexibles	70.8	70.7
Cromology	30.4	32.3
Stahl	28.9	28.2
Wendel Consolidated	1.3	1.2
TOTAL	**329.0**	**325.0**

The change in provisions for employee benefits break down as follows for 2020:

In millions of euros	12/31/2019	Cost of services rendered	Actuarial gains and losses	Servicespaid	Financial expenses	Curtailments and settlements	Currency fluctuations andother	12/31/2020
Commitments								
Defined-benefit plans	280.9	5.8	14.9	-10.7	4.3	0.1	-1.6	293.6
Retirement bonuses	172.0	10.4	-2.3	-13.2	1.5	1.9	-2.5	167.8
Other	55.2	3.6	0.8	-4.8	1.2	0.4	-1.4	55.1
TOTAL	**508.1**	**19.7**	**13.4**	**-28.7**	**7.0**	**2.4**	**-5.5**	**516.5**

In millions of euros	12/31/2019	Yieldsof assets	Contributions paid by employer	Actuarial gains and losses	Amountsused	Changes in scope	Currency fluctuations andother	12/31/2020
Partially-funded plan assets								
Defined-benefit plans	163.2	1.6	6.8	0.7	-3.9	-	-1.3	167.0
Retirement bonuses	11.4	-	-	0.8	-0.6	-	-	11.6
Fair value of plan assets	8.5	0.1	-	0.3	-0.5	-	0.4	8.8
TOTAL	**183.1**	**1.7**	**6.8**	**1.7**	**-5.0**	**-**	**-0.9**	**187.5**

The change in provisions for employee benefits break down as follows for 2019:

In millions of euros	12/31/2018	Cost of services rendered	Actuarial gains and losses	Services paid	Financial expenses	Curtailments and settlements	Currency fluctuations andother	12/31/2019
Commitments								
Defined-benefit plans	254.4	6.1	19.5	-10.0	4.2	-0.8	7.4	280.9
Retirement bonuses	162.9	10.4	6.8	-12.9	2.5	1.5	0.9	172.0
Other	52.2	4.0	1.2	-6.1	3.6	0.6	-0.1	55.2
TOTAL	**469.5**	**20.4**	**27.5**	**-29.0**	**10.3**	**1.2**	**8.1**	**508.1**

In millions of euros	12/31/2018	Yieldsof assets	Contributions paid by employer	Actuarial gains and losses	Amounts used	Changes in scope	Currency fluctuations andother	12/31/2019
Partially-funded plan assets								
Defined-benefit plans	141.9	2.4	3.9	11.1	-4.1	-	8.1	163.2
Retirement bonuses	11.4	-0.1	-0.1	-0.1	0.6	-	-0.2	11.4
Fair value of plan assets	8.8	-0.1	-	-0.3	0.2	-	-	8.5
TOTAL	**162.1**	**2.2**	**3.8**	**10.7**	**-3.4**	**-**	**7.8**	**183.1**

Liabilities on defined-benefit plans break down as follows:

In millions of euros	12/31/2020	12/31/2019
Unfunded liabilities	362.7	359.3
Partially or fully-funded liabilities	153.8	148.8
TOTAL	**516.5**	**508.1**

Defined-benefit plan assets break down as follows:

In millions of euros	12/31/2020	12/31/2019
Equity instruments	19%	20%
Debt instruments	17%	18%
Cash and other	64%	62%

Expenses recognized on the income statement break down as follows:

In millions of euros	12/31/2020	12/31/2019
Service costs during the year	17.2	18.7
Interest costs	6.3	8.8
Expected return on plan assets	-1.6	-2.3
Past service costs	0.1	0.1
Actuarial gains and losses	5.1	10.2
Impact of plan curtailments or settlements	-19.0	-20.4
TOTAL	**8.2**	**15.0**

1. Commitment characteristics and actuarial assumptions applied at Bureau Veritas

Employee benefits at Bureau Veritas included the following defined-benefit plans:

- pension plans, most of which have been closed for several years. Pension plans are generally unfunded, with the exception of a very limited number of plans financed by contributions paid to insurance companies and valued on the basis of periodic actuarial calculations;
- retirement bonuses; and
- long-service awards.

France is the main contributor to the Pension Plans and other Long-Term Employee Benefits item.

The principal actuarial assumptions used to calculate these commitments are as follows: average discount rate of 0.5%, average salary increase rate of 2%.

2. Commitment characteristics and actuarial assumptions applied at Constantia Flexibles

Employee benefits for Constantia Flexibles in Germany, Austria, France, Mexico, Turkey, Russia and Spain concern the following defined-benefit plans:

- retirement plans, funded or unfunded;
- retirement bonuses; and
- long-service awards.

The main actuarial assumptions used are discount rates between 0.7% and 12.5%, salary increase rates, included between 1% and 10.5%, inflation rates between 1.5% and 9.0% and a rate of return on assets of between 1.1% and 1.4%.

3. Commitment characteristics and actuarial assumptions applied at Cromology

Retirement benefits are calculated mainly on the basis of employees' seniority when they retire. These plans essentially concern France (and to a lesser extent Portugal, Italy, and Switzerland). Actuarial assumptions are determined for each country.

The main assumptions used for the Europe region are: a discount rate between 0.1% and 0.3%, an inflation rate between 0.70% and 1.75%, and a rate of salary increase between 1.20% and 3.0%.

4. Commitment characteristics and actuarial assumptions applied at Stahl

Stahl employee benefits in Germany, Italy, the Netherlands, Mexico, the United Kingdom, the United States, India, France, Brazil, Thailand, Indonesia and Switzerland concern the following defined-benefit plans:

- partially-funded retirement plans;
- retirement bonuses; and
- long-service awards.

The main actuarial assumptions were as follows: discount rate of 1.1%, inflation rate of 1.6%, salary increase rate of 0.7%, and return on assets of 1.1%.

5. Wendel's commitments

In 1947, the company "Les Petits-Fils de François de Wendel" (now Wendel) set up a supplementary pension plan for all employees, regardless of their category, provided they retire while employed by the Company. This plan was closed on December 31, 1998. The supplementary pension plan guarantees each employee beneficiary an overall level of retirement income. This income is expressed as a percentage of end-of-career compensation (fixed + variable excl. extraordinary amounts). It increases in relation to the employee's age and seniority up to a maximum of 65% of this compensation. The pension plan provides for a payout of 60% to a surviving spouse on 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. In 2005, the Company has been transferring the assets necessary to service pension benefits to an insurance company, which makes payments to the beneficiaries.

At December 31, 2020, 36 retirees and 6 employees of the Company benefited from the plan.

NOTE 17 Financial debt

Principal changes in 2020 are described in Note 6-2 "Managing liquidity risk".

In millions of euros	Currency	Coupon rate	Effective interest rate[(1)]	Maturity	Repayment	Total lines	12/31/2020	12/31/2019
Wendel & holding companies								
2023 bonds	EUR	1,000%	1,103%	04-2023	at maturity	-	300.0	300.0
2024 bonds	EUR	2,750%	2,686%	10-2024	at maturity	-	500.0	500.0
2026 bonds	EUR	1,375%	1,452%	04-2026	at maturity	-	300.0	300.0
2027 bonds	EUR	2,500%	2,576%	02-2027	at maturity	-	500.0	500.0
Syndicated loan	EUR	Euribor +margin	-	10-2022	revolving	EUR 750M	-	-
Amortized cost of bonds and of the syndicated loan and deferred issuance costs	-	-	-	-	-	-	-3.3	-4.0
Other borrowings and accrued interest	-	-	-	-	-	-	27.1	27.8
Bureau Veritas								
2021 bonds	EUR	3,125%	-	01/2021	at maturity	-	500.0	500.0
2023 bonds	EUR	1,250%	-	09/2023	at maturity	-	500.0	500.0
2025 bonds	EUR	1,875%	-	01/2025	at maturity	-	500.0	500.0
2026 bonds	EUR	2,000%	-	09/2026	at maturity	-	200.0	200.0
2027 bonds	EUR	1,125%	-	01/2027	at maturity	-	500.0	500.0
Liquidity credit line		-	-	-	-	EUR 1,100M	-	-
Borrowings and debt from lending institutions – fixed rate	-	-	-	-	-	-	713.5	963.9
Borrowings and debt from lending institutions – floating rate	-	-	-	-	-	-	13.1	123.7
Constantia Flexibles								
Bank borrowings	EUR	Euribor +margin	-	04/2022	at maturity	-	126.0	126.0
Bank borrowings	EUR	Euribor +margin	-	03, 04 and 10/2022	at maturity	-	308.0	308.0
Bank borrowings	EUR	floating rate	-	03/2022	at maturity	-	47.0	-
Revolving credit facility	EUR	Euribor +margin	-	10/2022	at maturity	EUR 125M	-	-
Bank borrowings (EUR, RUB, INR, CNY)		-	-	-	-	-	59.4	62.0
Other borrowings and accrued interest		-	-	-	-	-	8.9	22.8
Finance lease liabilities		-	-	-	-	-	3.8	5.1
Deferred issuance costs		-	-	-	-	-	-0.8	-1.1

In millions of euros	Currency	Coupon rate	Effective interest rate[1]	Maturity	Repayment	Total lines	12/31/2020	12/31/2019
Cromology								
Bank borrowings	EUR	Euribor +margin	-	08/2021	at maturity	-	186.4	186.4
Other borrowings and accrued interest		-	-	-	-	-	8.9	10.6
Finance lease liabilities		-	-	-	-	-	0.4	0.7
Revolving credit facility	EUR	Euribor +margin	-	03/2024	at maturity	EUR 59M	-	-
Deferred issuance costs		-	-	-	-	-	-5.4	-6.2
Stahl								
Bank borrowings	USD	Libor+margin	-	12/2021	amortizable	-	114.4	179.1
Bank borrowings	USD	Libor+margin	-	06/2022	amortizable	-	270.2	298.4
Revolving credit facility	EUR	-	-	-	-	EUR 27M	-	-
Bank borrowings (USD, CNY, INR)		floating rate	-	2021 to 2022	amortizable	-	7.8	11.3
Deferred issuance costs		-	-	-	-	-	-2.4	-6.3
Tsebo								
Bank borrowings		-	-	-	-	-	-	124.3
CPI								
Bank borrowings	USD	Libor+margin	-	10/2026	amortizable	-	263.5	286.4
Revolving	USD	Libor+margin	-	11/2020	at maturity	USD 30M	18.7	8.9
Deferred issuance costs		-	-	-	-	-	-5.5	-3.6
TOTAL		**-**	**-**	**-**	**-**	**-**	**5,959.7**	**6,524.1**
of which non-current portion		**-**	**-**	**-**	**-**	**-**	***5,312.9***	***5,896.7***
of which current portion		**-**	**-**	**-**	**-**	**-**	***646.8***	***627.4***

(1) The effective interest rate is calculated inclusive of issue premiums/discounts and bank issuance fees. For bonds that were issued in several stages, the effective interest rate corresponds to the weighted average of the par value issued.

Note 17-1 Operating lease liabilities

The accounting principles applied to operating lease liabilities are described in section Note 1-8.5 "Leases".

Liabilities related to operating leases are broken down among the Group's subsidiaries as follows:

In millions of euros	12/31/2020	12/31/2019
Bureau Veritas	419.7	418.6
Constantia Flexibles	31.1	33.6
Stahl	16.2	17.6
Cromology	110.4	103.5
Tsebo	-	6.8
CPI	3.8	4.5
Wendel and holding companies	1.6	6.5
TOTAL	**582.8**	**591.0**
of which non-current portion	*448.4*	*458.2*
of which current portion	*134.4*	*132.8*

Note 17-2 Financial debt maturity schedule

In millions of euros	Less than 1 year	Between 1 and 5 years	More than 5 years	Total
Wendel and holding companies				
■ nominal	-	-720.9	-800.0	-1,520.9
■ interest(1)	-48.6	-129.4	-25.0	-203.0
Operating subsidiaries				
■ nominal	-618.7	-2,164.1	-1,563.0	-4,345.8
■ interest(1)	-108.7	-313.4	-94.1	-516.3
TOTAL	**-776.0**	**-3,327.9**	**-2,482.1**	**-6,585.9**

(1) *Interest is calculated on the basis of the yield curve prevailing on December 31, 2020 Interest on debt and interest rate hedges does not reflect interest earned on invested cash.*

Note 17-3 Market value of gross financial debt

The fair value of bond debt is the market price on December 31, 2020.

In millions of euros	12/31/2020	12/31/2019
Wendel and holding companies	1,764.0	1,765.8
Operating subsidiaries	4,394.1	4,968.4
TOTAL	**6,158.1**	**6,734.2**

NOTE 18 Discontinued operations and operations held for sale

The accounting principles applied to discontinued or held for sale operations are described in Note 1-8.15 "Operations held for sale and discontinued operations".

Note 18-1 Net income from discontinued operations and operations held for sale:

In millions of euros	2020	2019
Divestment result		
PlaYce	-	7.4
Stahl	1.0	-0.9
Constantia Flexibles	-	2.4
Tsebo(1)	-101.3	-114.6
Allied Universal Lux	-0.9	600.9
TOTAL	**-101.2**	**495.3**

(1) This amount includes the net income of the period (after cancellation of amortizations of assets according to IFRS 5 "Non-current assets held for sale and discontinued operations"), the recycling of translation reserves as well as the full depreciation of the carrying value of Tsebo (see note 3 "Changes in scope of consolidation"). It includes €-40.6 million for Group share and €-60.7 million for the minority share.

6.9 Notes to the income statement

The accounting principles applied to the aggregates on the income statement are described in Note 1-9.2 "Presentation of the income statement".

NOTE 19 Revenue

The accounting principles applied to revenue are described in Note 1-8.16 "Revenue recognition".

In millions of euros	2020	2019	% Change
Bureau Veritas	4,601.0	5,099.7	-9.8%
Constantia Flexibles	1,505.3	1,534.3	-1.9%
Cromology	627.6	667.8	-6.0%
Stahl	669.4	808.7	-17.2%
CPI	56.0	-	n/a
TOTAL	**7,459.2**	**8,110.5**	**-8.0%**

Consolidated net sales break down as follows:

In millions of euros	2020	2019
Sales of goods	2,794.4	3,002.8
Sales of services	4,664.8	5,107.7
TOTAL	**7,459.2**	**8,110.5**

NOTE 20 Operating income

In millions of euros	2020	2019
Bureau Veritas	407.4	721.3
Constantia Flexibles	-44.6	6.5
Cromology	37.9	-3.1
Stahl	102.3	113.0
Tsebo	-	-
CPI	-118.9	-7.9
Wendel and holding companies	-83.4	-104.1
TOTAL	**300.3**	**725.7**

Note 20-1 R&D costs recognized as expenses

In millions of euros	12/31/2020	12/31/2019
CPI	0.3	-
Constantia Flexibles	8.1	7.8
Cromology	4.5	2.5
Stahl	-1.1	5.8

Note 20-2 Average number of employees at consolidated companies

	12/31/2020	12/31/2020
Bureau Veritas	74,930	78,395
Constantia Flexibles	7,878	7,915
Cromology	3,317	3,508
Stahl	1,799	1,899
CPI	325	323
Wendel & Holding companies	95	91
TOTAL	**88,344**	**92,131**

NOTE 21 Finance costs, net

In millions of euros	2020	2,019
Income from cash and cash equivalents(1)	**9.1**	**4.6**
Finance costs, gross		
Interest expense	-219.4	-218.5
Interest expense on loans from non-controlling shareholders	-	-3.6
Deferral of debt issuance costs and premiums/discounts (calculated according to the effective interest method)(2)	-30.7	-27.4
Total finance costs, gross	**-250.1**	**-249.5**
TOTAL	**-241.0**	**-244.9**

(1) This item includes a negative amount of €1.4 million for Wendel and its holding companies, to which is added €10.5 million from returns on investments of subsidiaries, representing a total income of €9.1 million in 2020 (€4.6 million in 2019).
(2) In 2020, this item includes €-20.2 million in financial expense recorded on operating lease liabilities recognized under IFRS 16 "Leases" and items calculated with no impact on cash (€-19.1 million in 2019).

NOTE 22 Other financial income and expense

In millions of euros	2020	2019
Dividends received from unconsolidated companies	0.3	4.7
Income on interest-rate, currency and equity derivatives	-0.3	-16.6
Interest on other financial assets	-	0.2
Net currency exchange gains/losses	9.7	-18.7
Impact of discounting	0.6	-7.3
Cost of 2020 and 2021 bonds buy-out	-	-16.8
Other	-9.1	31.4
TOTAL	**1.0**	**-23.1**

NOTE 23 Tax

The accounting principles applied to deferred taxes are described in Note 1-8.13 "Deferred taxes".

In millions of euros	2020	2019
Current income tax assets	-199.9	-264.8
Deferred taxes	73.2	15.7
TOTAL	**-126.7**	**-249.1**

The portion of the Tax on the Added Value of Companies (CVAE) is recognized as an income tax, in accordance with IAS 12 and the instruction of the CNC (French National Accounting Council) of January 14, 2010.

Deferred taxes recognized in the balance sheet result from temporary differences between the carrying amount and tax bases of assets and liabilities on the balance sheet and break down as follows:

In millions of euros	12/31/2020	12/31/2019
Origin of deferred taxes		
Post-employment benefits	74.5	75.4
Intangible assets	-391.1	-418.3
Recognized tax-loss carryforwards	66.3	71.3
Other items	60.3	72.0
	-190.1	**-199.6**
of which deferred tax assets	***206.6***	***217.2***
of which deferred tax liabilities	***-396.7***	***-416.8***

Uncapitalized tax losses amounted to €5,335 million for the Group as a whole, of which €4,854 million for Wendel and its holding companies.

In millions of euros	2020	2019
Amount at beginning of the period	**-199.6**	**-301.9**
Income and expenses recognized in the income statement[1]	73.2	15.7
Income and expenses recognized in other comprehensive income	-0.8	-1.0
Income and expenses recognized in reserves	0.2	42.6
Reclassification under "Operations held for sale"[2]	18.3	16.5
Allocation of CPI goodwill[3]	-93.8	-
Changes in scope of consolidation	-0.6	25.6
Currency translation adjustments and other	13.0	2.9
AMOUNT AT END OF PERIOD	**-190.1**	**-199.6**

(1) The deferred tax expense for 2019 was restated for the Tsebo expense, which was reclassified under operations held for sale.
(2) This item includes the reclassification of Tsebo's deferred tax assets and liabilities as operations held for sale.
(3) This item includes deferred taxes arising from the allocation of goodwill on CPI (see note 3: "Change in scope of consolidation").

The difference between the theoretical tax based on the standard rate of 28.9% applicable in France and the actual income tax expense of Wendel, its holding companies and its operating subsidiaries breaks down as follows:

In millions of euros	Wendel and holding companies	Operating subsidiaries	TOTAL
Income before tax expense, net income from equity-method subsidiaries, and net income from discontinued operations and operations held for sale	-123.3	183.7	60.4
Theoretical amount of tax expense calculated on the basis of a rate of -28.9%	**35.6**	**-53.1**	**-17.5**
Impact of:			
Uncapitalized tax losses of Wendel/holding companies and transactions subject to reduced tax rates at the holding company level	-36.4	-	-
Uncapitalized tax losses at the operating subsidiary level	-	-16.7	-
Reduced tax rates and foreign tax rates at the operating subsidiary level	-	2.6	-
Permanent differences	-	-36.4	-
CVAE tax paid by operating subsidiaries	-	-12.8	-
Tax on dividends received from consolidated subsidiaries	-	-12.9	-
Other	-	3.3	-
ACTUAL TAX EXPENSE	**-0.7**	**-126.0**	**-126.7**

NOTE 24 Net income (loss) from equity-method investments

In millions of euros	2020	2019
IHS	-63.2	-79.0
Other companies	-0.3	0.8
TOTAL	**-63.5**	**-78.2**

NOTE 25 Earnings per share

The accounting principles applied to earnings per share are described in Note 1-9.3 "Earnings per share".

In euros and millions of euros	2020	2019
Net income – Group share	-264.1	399.7
Impact of dilutive instruments on subsidiaries	-1.5	-0.4
Diluted net income	**-265.6**	**399.4**
Average number of shares, net of treasury shares	43,768,173	44,505,309
Potential dilution due to Wendel stock options(1)	-	135,361
Diluted number of shares	**43,768,173**	**44,640,670**
Basic earnings per share (in euros)	-6.03	8.98
Diluted earnings per share (in euros)	-6.07	8.95
Basic earnings per share from continuing operations (in euros)	-5.07	-6.14
Diluted earnings per share from continuing operations (in euros)	-5.10	-6.13
Basic earnings per share from discontinued operations (in euros)	-0.96	15.12
Diluted earnings per share from discontinued operations (in euros)	-0.96	15.08

(1) *In accordance with the treasury stock method: it is assumed that the cash received from the exercise of dilutive instruments will be used to buy back the shares and partially neutralize the resulting dilution. The potential dilution is thus the net impact.*

6.10 Notes on changes in cash position

NOTE 26 Acquisition of property, plant & equipment and intangible assets

In millions of euros	2020	2019
By Bureau Veritas	100.4	127.9
By Constantia Flexibles	86.3	105.5
By Cromology	12.7	11.2
By Stahl	18.0	26.8
By Tsebo	-	3.8
By CPI	0.9	-
By Wendel and holding companies	1.0	1.0
TOTAL	**219.3**	**276.3**

NOTE 27 Disposal of property, plant & equipment and intangible assets

Disposal of property, plant & equipment and intangible assets includes mainly Bureau Veritas and Stahl disposals amounting to €10.1 million and €1.0 million respectively.

NOTE 28 Acquisition of equity investments

In millions of euros	2020	2019
By Bureau Veritas	1.7	56.5
By Constantia Flexibles	-	5.8
By Tsebo	-	7.3
By Stahl	0.1	-
By Wendel and holding companies(1)	-	532.1
TOTAL	**1.8**	**601.7**

(1) In 2019, this item included the acquisition of CPI for €532.1 million.

NOTE 29 Disposal of equity investments

In millions of euros	2020	2019
By Bureau Veritas	4.5	6.0
By Constantia Flexibles	-	148.7
By Cromology	0.3	-
Allied(1)	186.2	634.8
PlaYce	-	32.2
Saint-Gobain	-	467.4
TOTAL	**191.0**	**1,289.1**

(1) See note 3 "Changes in scope of consolidation".

NOTE 30 Impact of changes in scope of consolidation and of operations held for sale

In 2020, this item mainly corresponded to Tsebo's cash and cash equivalents reclassified as discontinued operations or operations held for sale.

NOTE 31 Changes in other financial assets and liabilities

In 2020, the amount is mainly explained by the change in loans and receivables from capitalization funds at Wendel SE for €77.5 million, by the settlement of the guaranty related to the funding of Tsebo's investor B-BEEE for €19 million and by the change in financial assets and liabilities of Bureau Veritas.

In 2019, the amount was mainly explained by the change in Bureau Veritas' financial assets and liabilities.

NOTE 32 Net change in borrowings and other financial liabilities

Details of financial debt are shown in Note 17 "Financial debt".

In millions of euros	2020	2019
New borrowings by:		
Wendel & holding companies	-	300.0
Bureau Veritas	786.6	720.0
Constantia Flexibles	178.4	2.9
Cromology	59.9	186.7
Tsebo	-	11.2
CPI	21.1	
	1,045.9	**1,220.8**
Borrowings repaid by:		
Wendel & holding companies	1.8	1,219.0
Stahl	61.5	66.3
Bureau Veritas	1,242.6	717.5
Constantia Flexibles	153.7	19.1
Cromology	88.8	323.7
CPI	12.9	-
Tsebo	-	13.6
	1,561.3	**2,359.2**
TOTAL	**-515.4**	**-1,138.4**

Loan repayments include repayments of lease liabilities.

NOTE 33 Other financial income/expense

The other financial flows for 2020 mainly correspond to the disbursements of puts held by non-controlling interests.

6.11 Other notes

NOTE 34 Off-balance-sheet commitments

As of December 31, 2020, no commitment was likely to have a significant impact on the Group's financial position, other than those mentioned.

Note 34-1 Collateral and other security given in connection with financing

In millions of euros	12/31/2020	12/31/2019
Pledge by Constantia Flexibles Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Constantia Flexibles Group.	549.4	523.9
Pledge by Cromology Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Cromology Group.	196.0	197.8
Pledge by Stahl Group entities of shares of the principal companies and of certain bank accounts, trade receivables and assets as collateral for the repayment of debt owed by the Stahl Group.	392.4	488.8
Pledge by Tsebo Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the Tsebo Group.	-	126.7
Pledge by CPI Group entities of shares of the principal companies and of certain bank accounts and trade receivables as collateral for the repayment of the debt owed by the CPI Group.	282.2	295.3
TOTAL	**1,420.0**	**1,632.4**

Note 34-2 Guarantees given and received in connection with asset acquisitions

1. Guarantees given as part of asset sales

In connection with the disposals of Allied Universal, CSP Technologies, Mecatherm, Parcours and Tsebo, as well as at the time of the entry of BASF into the share capital of Stahl, the Group issued the usual statements and guarantees (fundamental guarantees in terms of existence, capacity, ownership of securities and, on occasion, specific guarantees on operational issues) within the limits of certain ceilings and for variable durations depending on the guarantees concerned. Only the statements and guarantees issued for ALD in connection with the sale of the Parcours Group gave rise to a claim or payment. There are no outstanding claims in respect of other guarantees granted.

2. Guarantees received in connection with asset acquisitions

In connection with the acquisitions of IHS, and in conjunction with the investment by BASF in Stahl's capital, the Group benefits from customary statements and guarantees within certain limits and over variable periods depending on the type of guarantees involved, some of which may still be invoked. There are no outstanding claims in respect of these guarantees received.

Note 34-3 Off-balance-sheet commitments given and received related to operating activities

In millions of euros	12/31/2020	12/31/2019
Market counter-guarantees and other commitments given		
by Bureau Veritas(1)	391.6	434.9
by Constantia	2.4	2.0
by Cromology	17.1	13.7
by Tsebo	-	4.0
by Stahl	3.2	4.3
TOTAL COMMITMENTS GIVEN	**414.3**	**458.9**

(1) Commitments given by Bureau Veritas included guarantees such as bank and parent-company guarantee.

Note 34-4 Subscription commitments

As of December 31, 2020, the Group (Wendel Lab) had undertaken to invest approximately €55.7 million in certain private equity funds.

Note 34-5 Shareholder agreements and co-investment mechanisms

As of December 31, 2020, the Wendel Group was party to a number of agreements governing its relationships with its co-investors, whether co-investors in its unlisted subsidiaries or holdings (Constantia Flexibles, Crisis Prevention Institute, Cromology, IHS, and Stahl) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at aligning their interests with their respective companies' performance (Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl).

These agreements contain various clauses related to:

- Corporate governance (composition of governing bodies, veto rights on certain strategic decisions and rights to information);
- terms of share transfers (lock-up periods, pre-emptive rights and rights of first refusal, ban on selling to certain individuals);
- anti-dilution rules in the event of transactions involving the share capital;
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO; and
- non-competition and priority commitments involving acquisition opportunities.

The Constantia Flexibles, and Stahl shareholder agreements also contain the following terms:

- for Constantia Flexibles, the H. Turnauer Foundation, of the founding family of Constantia Flexibles, has the option to request, between 2020 and 2023, that an IPO or a share buyback process by refinancing of the Group be launched, aiming at ensuring the priority liquidity of its stake. In the absence of liquidity at the end of this process, the Wendel Group granted the H. Turnauer Foundation a put option at market value on half of its initial investment, payable in two tranches in cash or in Wendel shares, at the Wendel Group's discretion. As of December 31, 2020, this right had not been exercised by the H. Turnauer Foundation. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts; and
- for Stahl, BASF, a minority shareholder, benefits from liquidity commitments granted by Stahl and counter-guaranteed by the Wendel Group in an amount determined on the basis of a predefined margin multiple. This commitment has been recognized in financial liabilities in accordance with accounting principles applicable to minority puts.

The agreements with the management teams (managers or former managers) of subsidiaries (Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl) also contain provisions relative to:

- the right to liquidate their coinvestment in successive tranches, in the absence of a sale or IPO beyond a certain period (between the 6th anniversary and 12th anniversary of the completion of the joint investment, depending on the agreement in question); and
- the handling of executive departures (commitment to sell shares in the event of the departure of an executive from a subsidiary and/or commitment to buy shares in certain specific cases).

Co-investment terms for senior managers in the subsidiary companies are described in greater detail in Note 5-2 "Participation of subsidiaries' managers in the performance of their companies".

As part of the liquidity commitments under these agreements, in the absence of a liquidity event (divestment or IPO) before certain predetermined dates, the Wendel Group (depending on the situation, Wendel's holdings or the investments themselves) can be required to buy back or guarantee the buyback of the shares held by subsidiary managers (or former managers) in Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl. The value applied to these liquidity commitments is the market value determined by the parties or an independent appraiser.

Liquidity mechanisms are also provided for in respect of Wendel's managers holding exposure to Allied Universal, Constantia Flexibles, Crisis Prevention Institute and IHS under the co-investment mechanisms (see note 5 "Participation of management teams in the Group's investments" to these condensed interim financial statements).

As of December 31, 2020, based on the value of the investments included in the Net Asset Value or, where appropriate, on the basis of the price formulas or appraisals provided for in these agreements, the value of the portion of the *pari passu* investments made under the same risk and return conditions as Wendel by all the co-investing managers of investments or Wendel benefiting from liquidity rights granted by the fully consolidated companies is €30 million. The value of the portion of non-*pari passu* investments of co-investing managers of subsidiaries and managers of Wendel was €145 million. These amounts do not include any unpaid amounts owing to the co-investors on the investments sold.

In accordance with Group accounting principles, a portion of these amounts is recognized as a liability of €31 million. The accounting principles applicable to co-investments are described in Note 1-8.19 "Accounting treatment of mechanisms for the participation of management teams in the Group's investments".

With regard to non-controlling interests granted to joint shareholders, an overall amount of €255.8 million is recognized in financial liabilities for put granted by Wendel and its holdings to the H. Turnauer Foundation on its stake in Constantia Flexibles, as well as the put granted by Stahl to BASF.

Co-investment and liquidity commitment values vary with the value of each investment. As a result, they may be lower (or nil) or higher in future fiscal years.

Note 34-6 Other agreements concluded by the Wendel Group for its financing and acquisition or divestment transactions

Subordinated (mezzanine and second lien) lenders to Stahl who waived their claims as creditors during the 2010 restructuring in exchange for a minority interest in the share capital (representing only 0.9% of the capital at December 31, 2020) notably received a right to the capital gain exercisable only upon the total or partial divestment of the Wendel Group's stake in Stahl. This right is exercisable by Stahl's mezzanine and second lien shareholders in the event of the divestment by the Wendel Group if Wendel's overall return is more than 2.5 times greater than its 2010 reinvestment. It is equivalent to the allocation of one to two bonus shares per share held by these former subordinated lenders. In accordance with accounting standards, this commitment is not recognized on the balance sheet, as the exercise of this right depends on the Wendel Group's decision to divest.

As part of the syndication with Maxburg of a minority investment in the Constantia Flexibles Group, the Wendel Group enjoys a right to receive an additional amount on the portion transferred in this manner subject to the achievement by Maxburg of minimum profitability thresholds over the duration of its investment in Constantia Flexibles in case of divestment. This right is recognized within financial assets whose change in value is recognized on the income statement.

As part of the transfer of the Tsebo Group to its senior creditors, Wendel obtained the right to benefit from a residual economic exposure in the event of a reversal of the Group through a price supplement instrument. This instrument, which will be triggered in the event of an exit from the Tsebo Group by the lenders, will give Wendel the right to 10% of the value of the Tsebo Group above the minimum profitability thresholds achieved by the lenders on their debt converted into equity and on any subsequent capital contributions that might arise. This right is recognized within financial assets whose change in value is recognized on the income statement.

NOTE 35 Stock options, bonus shares and performance shares

The accounting principles applied to stock options, bonus shares and performance shares are described in Note 1-9.18 "Stock subscription and stock purchase option plans".

The total expense related to allocation of stock options or other share-based compensation for FY 2020 was €30.9 million compared to €24.6 million in 2019.

In millions of euros	2020	2019
Stock options at Wendel	2.2	1.1
Grant of bonus shares at Wendel	6.3	2.1
Stock options at Bureau Veritas	2.3	2.1
Grant of bonus shares at Bureau Veritas	20.1	19.3
TOTAL	**30.9**	**24.6**

Pursuant to the authorization given by shareholders at their July 2, 2020 General Meeting, options giving the right to subscribe to 270,342 shares were allocated on August 5, 2020 with a strike price of €82.05 and a 10-year life. These options have the following features:

- a presence condition: the options will be exercisable by each beneficiary subject to a presence condition of 2 years; and
- a performance condition: the options are exercisable by each beneficiary if the following condition of performance are met over 3 years:
  - the ordinary annual dividend starting from 2021 must be greater than or equal to the dividend paid the previous year; it being specified that the stability or growth of the ordinary dividend from one year to the next will be verified for each of the years by the General Meeting approving the distribution of the corresponding dividend.

In 2020, these options were valued using a Monte-Carlo model, with the following main calculation assumptions: expected rate of return of 2%, expected central volatility of 32%. These options were valued by an independent expert at €18.3 per stock option. The expense has been spread over the options' vesting period.

Under the authorization granted by shareholders at their July 2, 2020 General Meeting, the following performance shares plan was also granted on August 5, 2020:

- a service condition: the final vesting of the performance shares is subject to a 2-year service condition; and
- a performance condition: the final vesting of performance shares is subject to the satisfaction of the following three conditions:
  - for 1/3 of the initial allocation, a performance condition assessed in absolute terms linked to Wendel's Total Shareholder Return over 3 years,
  - for 1/3 of the initial allocation, a performance condition assessed in relative terms linked to the Total Shareholder Return from the Wendel share over 3 years compared with the Total Shareholder Return of the SBF 120 index, and
  - for 1/3 of the initial allocation, a performance condition assessed in relative terms linked to the Total Shareholder Return from the Wendel share over 3 years compared with the Total Shareholder Return of a panel of 13 comparable listed investment companies.

These performance shares were valued using a Monte-Carlo model, with the following main calculation assumptions: expected rate of return of 2.1%, expected return on equity markets of 9.04%. The value of these performance shares has been estimated at €49.2 per performance share by an independent expert. The expense has been spread over the options' vesting period.

Under the authorization granted by shareholders at their July 2, 2020 General Meeting, a performance shares plan with the following features was also granted on August 5, 2020:

- a service condition: the final vesting of the performance shares is subject to a 4-year service condition; and
- a performance condition: the final vesting of performance shares is subject to the satisfaction of the following conditions over 4 years:
  - the ordinary annual dividend starting from 2021 must be greater than or equal to the dividend paid the previous year; it being specified that the stability or growth of the ordinary dividend from one year to the next will be verified for each of the years by the General Meeting approving the distribution of the corresponding dividend.

These performance shares were valued using a Monte-Carlo model, with the following main calculation assumptions: expected rate of return of 2.1%, expected return on equity markets of 9.04%. The value of these performance shares has been estimated at €75.7 per performance share by an independent expert. The expense has been spread over the options' vesting period.

The instruments granted and not exercised or vested were as follows:

Stock options	Number of options outstanding as of 12/31/2019	Options granted in 2020	Options canceled in 2020	Options exercised in 2020	Number of options outstanding as of 12/31/2020	Exercise price (in euros)	Average exercise price (in euros)	Average residual life	Number of exercisable options
Stock purchase options	540,375	-	-4,250	-30,043	506,082	from 44.32 to 134.43	87.45	4.08	181,642
Stock subscription options	112,979	270,342	-8,500	-	374,821	from 119.72 to 82.05	92.55	9.05	-
TOTAL	**653,354**	**270,342**	**-12,750**	**-30,043**	**880,903**	**-**	**-**	**-**	**-**

Performance shares	Shares awarded as at 12/31/2019	Awards during the fiscal years	Definitive awards	Cancellations	Shares awarded as at 12/31/2020	Grant date	Vesting date
Plan 10-1	109,913	-	-	-3600	106,313	07/06/2018	07/06/2021
Plan 11-1	80,996	-	-	-3610	77,386	07/08/2019	07/08/2022
Plan 11-2	62,480	-	-	-1340	61,140	07/08/2019	07/10/2023
Plan 12-1	-	84,341	-	-	84,341	08/05/2020	08/05/2023
Plan 12-2	-	55,036	-	-83	54,953	08/05/2020	08/05/2024
TOTAL	**253,389**	**139,377**	**-**	**-8,633**	**384,133**	**-**	**-**

NOTE 36 Fees paid by the Group to the Statutory Auditors and members of their networks

In thousands of euros	Deloitte Audit and entities of the Deloitte and Associates network	Ernst & Young Audit and EY network entities
Certification, review of parent company financial statements		
■ for Wendel SE	741	680
■ for its subsidiaries	2,833	2,957
Sub-total	**3,574**	**3,637**
Services other than certification of financial statements		
■ for Wendel SE	324	170
■ for its subsidiaries	254	820
Sub-total	**578**	**990**
TOTAL	**4,152**	**4,627**

Services rendered during the year other than the Statutory Auditors' verification of the financial statements of Wendel SE and the companies over which the latter exercises control are related, for Ernst&Young Audit and its network, to tax services, to certifications, to due-diligence and to agreed procedures and for Deloitte, to certifications, to procedures in the context of the consolidated declaration of extra-financial performance, to legal and tax services, to due diligence and to agreed procedures.

NOTE 37 Subsequent events

None.

NOTE 38 List of principal consolidated companies as of December 31, 2020

Method of consolidation	% interest net of treasury shares	Company name	Country	Business segment
FC	**100**	**Wendel**	**France**	**Management of shareholdings**
FC	100	Coba	France	Management of shareholdings
FC	100	Eufor	France	Management of shareholdings
FC	100	Sofiservice	France	Management of shareholdings
FC	100	Waldggen	France	Management of shareholdings
FC	99.6	Africa Telecom Towers	Luxembourg	Management of shareholdings
FC	100	Constantia Coinvestco GP	Luxembourg	Services
FC	99.7	Expansion 17	Luxembourg	Management of shareholdings
FC	100	Wendel Lab	Luxembourg	Management of shareholdings
FC	99.7	Global Performance 17	Luxembourg	Management of shareholdings
FC	100	Ireggen	Luxembourg	Management of shareholdings
FC	100	Karggen	Luxembourg	Management of shareholdings
FC	100	Materis Investors	Luxembourg	Management of shareholdings
FC	100	Mecatherm Guarantco	Luxembourg	Management of shareholdings
FC	99.6	Oranje-Nassau Développement SA SICAR	Luxembourg	Management of shareholdings
FC	100	Oranje-Nassau Développement NOP	Luxembourg	Management of shareholdings
FC	100	Oranje-Nassau GP	Luxembourg	Services
FC	100	Oranje-Nassau Parcours	Luxembourg	Management of shareholdings
FC	100	Trief Corporation	Luxembourg	Management of shareholdings
FC	100	Winvest Conseil	Luxembourg	Services
FC	100	Winvest International SA SICAR	Luxembourg	Management of shareholdings
FC	100	Win Securitization 2	Luxembourg	Management of shareholdings
FC	100	NOP Europe	Belgium	Management of shareholdings
FC	100	Wendel North America	United States	Services
FC	100	Wendel London	United Kingdom	Services
FC	100	Wendel Africa	Morocco	Services
FC	100	Wendel Singapore	Singapore	Services
FC	**60.8**	**Constantia Flexibles and its subsidiaries**	**Austria**	**Flexible packaging**
FC	**35.8**	**Bureau Veritas and its subsidiaries**	**France**	**Certification and verification**
FC	**95.4**	**Cromology and its subsidiaries**	**France**	**Paint manufacturing and distribution**
FC	**67.8**	**Stahl and its subsidiaries**	**Netherlands**	**High-performance coatings and leather-finishing products**
E	**21.4**	**IHS Holding and its subsidiaries**	**Mauritius**	**Mobile telephone infrastructure**
FC	**96.0**	**CPI and its subsidiaries**	**United States**	**Crisis prevention training**

FC: Full Consolidation. Wendel exercises exclusive control over these companies.
E: Companies accounted for by the equity method. Wendel exercises significant influence over or joint control of these companies.

The complete list of consolidated companies and companies with an ownership interest is available on the Group's official website at the following address: http://www.wendelgroup.com/fr/information-reglementee.

6.12 Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2020

To the annual general meeting,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of Wendel for the year ended December 31, 2020.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2020 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for statutory auditors, for the period from January 1, 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Accounting treatment of acquisition and divestment of portfolio companies

Risk identified	Our response
As part of its investment activity, Wendel regularly acquires and sells subsidiaries and portfolio companies. The main transactions undertaken by Wendel in 2020 are as follows: ■ On December 13th, 2019, Wendel sold 79% of its investment in Allied Universal. Wendel lost its significant influence over Allied Universal and its residual investment was classified as a financial asset recorded at fair value as of December 31, 2019. On April 29th, 2020, Wendel disposed of its remaining stake for a net cash proceed of $203.2 million. ■ In December 2020, Wendel transferred all of its stake in Tsebo's capital to a South African consortium of investors and management, in return for a right to 10% of future capital gain, over and above 18% internal rate of return. ■ Ultimately, Wendel finalized over the year the purchase price accounting of Crisis Prevention Institute (CPI) that was acquired in December 2019 for an enterprise value of $ 910 million. This business combination has been recognized in accordance with IFRS 3, which requires that the identifiable assets acquired and liabilities assumed be measured and recognized at fair value at the takeover date. The purchase price allocation led to the recognition of material intangible assets, including customer relationships for $ 207 million, trademarks for $ 138 million and content valued at $ 124 million. The residual goodwill amounts to $ 531 million. These valuations were carried out using methods generally used for these types of assets. These methods are complex and based on numerous assumptions that require judgment, such as forecast data or market comparisons. These transactions are described in Notes 3-1 and 18 to the consolidated financial statements. We deemed the accounting treatment of divestments to be a key audit matter as they are significant and complex events in 2020. Also, we considered the recognition and presentation of the CPI acquisition to be a key audit matter given the material amount of the assets acquired and liabilities assumed and the judgment required to identify and measure these assets and liabilities.	We held discussions with the Finance department, the investment teams and the Legal department in order to gain an understanding of the transactions and the main agreements with the stakeholders. We obtained and evaluated whether the main legal documents and analyses carried out by Wendel or its advisors in relation to these transactions, such as share purchase agreements, details of cash flows and commitments granted, had been properly reflected in the consolidated financial statements. Regarding the divestment of the residual stake in Allied Universal, we have: ■ examined the compliance of accounting impacts on the consolidated financial statements in accordance with IFRS9; ■ controlled that the residual divestment completed in April 2020 didn't have any material impact on the income and the other comprehensive income statement of Wendel; ■ examined the impacts on the consolidated cash flow statement. Regarding the disposal of Tsebo, we have: ■ examined the calculation of the Tsebo exit impact, taking into account the impairment recorded during the year; ■ analyzed the legal documentation relating to the transfer transaction, the relevance of the related consolidation entries and the fair value measurement of the earn-out clause. Regarding the finalization of the purchase price allocation of CPI, with the assistance of our valuation specialists, we have: ■ analyzed the work performed by management to identify and measure the assets and liabilities acquired; ■ assessed the appropriateness of the valuation methods used for the main asset categories with regard to commonly used practices; ■ analyzed the consistency of the valuation inputs compared with the documentation obtained from the CPI management teams, and assessed their relevance with regard to the company's management data or external sources; ■ assessing the reasonableness of the amortization periods used for the intangible assets identified in light of the estimated useful lives of those assets. We have assessed the appropriateness of the information given in Note 3 to the consolidated financial statements.

Measurement of goodwill

Risk identified	Our response

As of December 31, 2020, the Goodwill net book value amounts to € 3 489 million, *i.e.* 26% of the total balance sheet. Goodwill is broken down by Cash Generating Units (CGUs) corresponding to each operating subsidiary (Bureau Veritas, Constantia Flexibles, Stahl, Cromology and CPI).
 	
An impairment loss is recognized if the recoverable amount of goodwill as determined during the impairment test carried out annually or when a trigger for impairment is identified, on each CGU or group of CGUs falls below its carrying amount. In addition, when an impairment loss is recognized by the operating subsidiary on one of its CGU or group of CGUs, this loss is maintained in Wendel's consolidated financial statements, as described in Note 1-8.1 to the consolidated financial statements.
 	
As described in Note 8 to the consolidated financial statements, as a result of the impairment tests performed by the management of Wendel and/or its subsidiaries, an impairment of goodwill was recognized for Constantia for € 9 million and for CPI for € 23 million for the year ended December 31, 2020.
 	
We determined the measurement of goodwill is a key audit matter due to its significance in the Group's financial statements and because determining its recoverable amount, usually on the basis of discounted future cash flow forecasts, taking into account the current economic situation deteriorated by the Covid-19 crisis, requires management to exercise a high degree of judgment and estimation.
	We examined the process implemented by the management of Wendel and that of the operating subsidiaries to carry out impairment tests.
	
	With the assistance, when appropriate, of the subsidiaries' auditors and the support from our valuation specialist, we examined the goodwill impairment tests carried out by Wendel and its operating subsidiaries. We adjusted the extent of our work to take into account the level of impairment risk of the CGUs or groups of CGUs.
	
	■ For the CGUs or groups of CGUs presenting an impairment risk, our work consisted in:
	  ▪ Assessing the compliance of the methodology applied by Wendel and its subsidiaries with applicable accounting standards,
	  ▪ Examining the projected cash flows in relation to the economic and financial environment in which the CGUs or groups of CGUs operate, taking into account the global crisis environment related to the COVID-19 pandemic,
	  ▪ Assessing the quality of the process used to determine the projections by analyzing the reasons for any differences between past forecasts and actual outcomes,
	  ▪ Assessing the consistency of the long-term growth rates used with available market analyses and the operating margin rate used in terminal year with the margin rates of actual and forecasted flows,
	  ▪ Assessing the different components of the discount rates used,
	  ▪ Verifying the sensitivity of the calculation of the recoverable amount of the CGUs or groups of CGUs to changes in the main assumptions used (long-term growth rate, margin rate used in the terminal year and discount rate).
	■ For the other CGUs or groups of CGUs, our work consisted in holding discussions with the management of Wendel and/or the operating subsidiary to assess the reasonableness of the cash flows and key assumptions used (long-term growth rate, operating margin used in terminal year and discount rates).
	
	We also assessed the appropriateness of the disclosures provided in Notes 1-8.1 and 8 to the consolidated financial statements, in particular those related to the sensitivity analysis carried out by Wendel's management.

Contribution of equity-method investments to the Group's consolidated net income

Risk identified	Our response
As of December 31, 2020, equity-method investments amounted to €225 million in the consolidated balance sheet and their contribution to consolidated net income is a loss of € 63 million as detailed in Notes 11 and 24 to the consolidated financial statements. Net income from equity-method investments mainly comprised Wendel's investment in the company IHS. As Wendel's management considers that the Company exercises significant influence on IHS, this company is recognized using the equity method, as indicated in the note 38 to the consolidated financial statements. The contribution of equity-method investments represents a significant share of Wendel's consolidated net income. We deemed their contribution to Group net income to be a key audit matter, because, given the lack of majority control over these companies, the availability and the degree of detail of financial information required by Wendel to prepare its consolidated financial statements are more limited than for controlled subsidiaries, thereby increasing the complexity of analyzing their contributions.	We held discussions with Wendel's Finance Department to gain an understanding of the procedures implemented by the Company to verify the quality of the IHS financial information used to prepare Wendel's consolidated financial statements (the "Financial Information"). We transmitted detailed instructions to the auditors of IHS and obtained an audit opinion on the Financial Information as well as a summary of the significant issues identified as part of their work. We held discussions with the auditors of this equity investment concerning the risk assessment, the significant audit risks, the extent of diligences, the nature of the procedures implemented and their findings. Where appropriate, we examined some items in their working files, in particular concerning the accounting treatment of transactions requiring judgment or estimates. In addition, we assessed the appropriateness of the disclosures provided in Notes 11 and 24 to the consolidated financial statements.

Accounting treatment of mechanisms for the participation of management teams in the Group's investments

Risk identified	Our response
As described in Note 5 to the consolidated financial statements, Wendel has set up co-investment mechanisms to allow its managers and managers of unlisted subsidiaries (Constantia Flexibles, Cromology, Stahl, IHS and CPI) to invest their personal funds in assets in which the Group invests. In the event of a divestment or an IPO, the managers receive a share of the capital gain or may lose their investment under pre-determined conditions. Several years after the initial investment, in the absence of a divestment or an IPO, Wendel is committed to buy back the share invested by the managers in order to ensure liquidity. The accounting treatment of these mechanisms is based on their settlement method. Until the settlement method is not definitive, the investments are accounted for based on the settlement method determined as most likely. This accounting treatment is described in Note 1-8.19 to the consolidated financial statements. As described in Note 34-5 to the consolidated financial statements, the commitments to buy back the share invested by managers of Wendel and subsidiaries disclosed as off-balance sheet commitments amount to € 30 million for *pari passu* investments with the same profile of risk and return as Wendel, and amount to € 145 million for non-*pari passu* investments as of December 31, 2020. A part of these amounts is recognized as financial liabilities for € 31 million. We deemed the accounting treatment of mechanisms for the participation of management teams in the Group's investments to be a key audit matter because: ■ the accounting treatment of these mechanisms is complex; ■ the recognition or not of a liability reflecting the commitment to buy back the share invested by the managers at their fair value (depending on the settlement method considered the most likely as of December 31, 2020) requires a high degree of judgment from management; ■ these investments are made by managers, some of whom are related parties.	We held discussions with Wendel's management to gain an understanding of the co-investment mechanisms put in place by Wendel and its operating subsidiaries, and of the accounting process. For each co-investment mechanism identified, we obtained the main legal documents and analyzed the conformity of the accounting treatment applied by Wendel with the Group's accounting policies, as set out in Note 1-8.19 to the consolidated financial statements. For the co-investment mechanisms for which the most likely redemption is a disposal or an IPO, we assessed the reasoning underlying management's decision not to recognize a liability, by looking at the redemption of previous co-investments. In this case, we paid particular attention to the co-investment mechanisms for which the liquidity commitment granted by Wendel to its managers will end soon, by determining in particular through our consultation of the minutes of meeting of the governing bodies (Executive Board and Supervisory Board), whether a disposal or an IPO is in progress. Otherwise, we verified that a liability has been recognized. We also assessed the appropriateness of the disclosures provided with respect to off-balance sheet commitments set out in Note 34-5 to the consolidated financial statements and those concerning transactions with related parties set out in Note 4.1 and controlled that the value of the commitments to buy back the amounts invested by the managers was determined according to the measurement method described in Note 34-5.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the Executive Board's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code *(Code de commerce)* is included in Group management report [in the information pertaining to the Group presented in the management report], it being specified that, in accordance with the provisions of Article L.823-10 of the code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the consolidated financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (code monétaire et financier).

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Wendel by the annual general meeting held on 16 May 2019 for Deloitte & Associés and on 15 November 1988 for ERNST & YOUNG Audit.

As at 31 December 2020, Deloitte & Associés and ERNST & YOUNG Audit were in the second year and thirty-third year of total uninterrupted engagement respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Executive Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce),* our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics *(Code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 17, 2021

The Statutory Auditors

French original signed by

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

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PARENT COMPANY FINANCIAL STATEMENTS

7.1 Balance sheet as of December 31, 2020

Assets

In thousands of euros		12/31/2020			12/31/2019
		Amounts gross	Amortization or Impairment	Amounts net	Amounts net
Non-current assets					
Intangible assets and property, plant & equipment		**18,528**	**16,082**	**2,446**	**2,319**
Non-current financial assets(1)					
Investments in subsidiaries and associates	Note 1	10,852,116	3,426,752	7,425,363	7,568,741
Other long-term investments		34	0	34	34
Treasury shares	Note 2	46,955	9,195	37,760	41,771
Loans and other non-current financial assets		723	0	723	579
		10,899,827	3,435,947	7,463,880	7,611,124
TOTAL		**10,918,355**	**3,452,030**	**7,466,326**	**7,613,443**
Current assets					
Trade receivables(2)		15,221	-	15,221	8,547
Other receivables(2)	Note 3	149,116	-	149,116	112,457
Financial instruments	Note 9	64,836	-	64,863	14,365
Marketable securities	Note 4	856,531	-	856,531	948,569
Treasury shares	Note 4	59,049	-	59,049	64,001
Cash		189,737	-	189,737	159,604
Prepaid expenses		675	-	675	1,518
TOTAL		**1,335,192**	**0**	**1,335,192**	**1,309,061**
Cumulative translation adjustment		4	0	4	0
Deferred expenses		17,797	14,240	3,557	4,470
Original issue discounts		5,616	3,469	2,147	2,633
TOTAL ASSETS		**12,276,964**	**3,469,738**	**8,807,225**	**8,929,608**

(1) *Of which less than one year.*
(2) *Including at more than one year.*

Liabilities

In thousands of euros		12/31/2020	12/31/2019
Equity			
Share capital		178,876	178,729
Share, merger or contribution premiums		55,340	53,271
Legal reserves		20,224	20,224
Regulated reserves		101,870	101,870
Other reserves		2,250,000	2,250,000
Retained earnings		4,412,136	2,668,852
Net income for the year		**-26,613**	**1,865,893**
TOTAL	**Note 5**	**6,991,833**	**7,138,839**
Provisions for risks and contingencies	**Note 6**	**28,482**	**47,491**
Financial debt[(1)]	Note 7	1,699,023	1,698,661
Other current liabilities	Note 8	20,614	27,235
TOTAL[(2)]		**1,719,637**	**1,725,896**
Issue premiums on borrowings		2,409	3,016
Valuation differences on treasury instruments	Note 9	64,863	14,365
TOTAL EQUITY AND LIABILITIES		**8,807,225**	**8,929,608**

(1)	*Of which short-term bank borrowings*	*-*	*-*
(2)	*Of which less than one year*	*119,637*	*125,896*
	Of which more than one year	*1,600,000*	*1,600,000*

7.2 Income statement

In thousands of euros		2020	2019
Income from investments in subsidiaries and associates and long-term equity portfolio	**Note 11**	**200,000**	**5,238,799**
Other financial income and expense	**Note 12**		
Income			
■ Income from loans and invested cash		4,575	8,312
■ Provisions reversed		1,170	10,786
Expenses			
■ Interest and similar expenses		52,721	75,885
■ Depreciation, amortization and provisions		7,873	7,476
FINANCIAL INCOME		**145,150**	**5,174,535**
Operating revenue	**Note 13**		
Other income		15,601	15,661
Provisions reversed and expenses transferred		17	2,401
Operating expenses			
Purchases and external services		15,412	17,581
Taxes and equivalent		2,443	2,639
Wages and salaries	Note 14	13,616	18,630
Social security costs		7,758	9,402
Depreciation & amortization and deferred expenses		2,759	3,914
Miscellaneous expenses		1,107	1,161
OPERATING INCOME		**-27,477**	**-35,265**
NET INCOME BEFORE EXCEPTIONAL ITEMS AND TAX		**117,673**	**5,139,270**
Exceptional income			
On operating transactions		7,370	10
On capital transactions		318	156
Provisions reversed		60,933	56,967
Exceptional expenses			
On operating transactions		28,763	19,884
On capital transactions		-	-
Provisions recognized		184,177	3,313,512
EXCEPTIONAL ITEMS	**Note 15**	**-144,318**	**-3,276,262**
INCOME TAXES	**Note 16**	**32**	**2,885**
NET INCOME (LOSS)		**-26,613**	**1,865,893**

7.3 Cash flow statement

In thousands of euros		2020	2019
Cash flows from operating activities, excluding tax			
Net income		-26,613	1,865,893
Depreciation, amortization, provisions and other non-cash items		131,701	3,262,417
Gains/losses on divestments		-318	-156
Financial income and expense		125,168	-5,158,026
Taxes		-32	-2,885
Cash flows from operating activities before net finance costs and tax		-19,431	-32,757
Change in working capital requirement related to operating activities		-10,517	1,363
NET CASH FLOWS FROM OPERATING ACTIVITIES, EXCLUDING TAX		**-29,948**	**-31,394**
Cash flows from investing activities, excluding tax			
Acquisition of property, plant & equipment and intangible assets		-945	-798
Disposal of property, plant & equipment and intangible assets		541	3
Acquisition of equity investments	Note 1	0	-6,368,521
Disposal of equity investments	Note 1	0	424
Changes in other financial assets and liabilities and other		-144	-56
Dividends received	Note 11	200,000	5,238,799
Change in working capital requirements related to investment activities		0	0
NET CASH FLOWS FROM INVESTING ACTIVITIES, EXCLUDING TAX		**199,453**	**-1,130,148**
Cash flows from financing activities, excluding tax			
Capital increase	Note 5	2,216	2,519
Treasury share buybacks and cancellations	Note 2	869	-196,703
Dividends paid	Note 5	-122,609	-123,658
New borrowings		0	299,523
Repayment of borrowings	Note 7	0	-1,239,219
Net change in intragroup assets and liabilities		-39,092	1,539,653
Net finance costs		-55,484	-59,677
Other financial income/expense	Note 15	-19,982	-1,050
Change in working capital requirements related to financing activities		2,641	-13,957
NET CASH FLOWS FROM FINANCING ACTIVITIES, EXCLUDING TAX		**-231,442**	**207,431**
Income taxes	Note 16	32	2,885
Change in tax assets and liabilities		0	922
NET CASH FLOWS RELATED TO TAXES		**32**	**3,807**
Effect of currency fluctuations		-	-
CHANGE IN CASH AND CASH EQUIVALENTS		**-61,905**	**-950,304**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD[(1)]		**1,108,173**	**2,058,478**
CASH AND CASH EQUIVALENTS AT END OF PERIOD[(1)]		**1,046,268**	**1,108,173**

(1) *Cash and cash equivalents included marketable securities (excluding Wendel treasury shares), cash, and bank borrowings.*

7.4 Notes to the parent company financial statements

7.4.1 Highlights of the year

Dividends received from subsidiaries

The Company received an interim dividend in the current account of €200 million from its subsidiary Trief Corporation.

Capital and dividend paid

At their Annual General Meeting of July 2, 2020, shareholders approved the payment of a cash dividend of €2.80 per share. The total dividend paid was €122.6 million.

Wendel sold 30,043 of its own shares during the fiscal year for a total of €2.1 million in connection with the exercise of options and the grant of performance shares to employees.

As of December 31, 2020 the Company held 900,665 Wendel shares, including 386,229 held as long-term investments, 459,462 as marketable securities and 54,974 held under the liquidity contract.

Financing

As of December 31, 2020, the syndicated loan of €750 million was not drawn. Its covenants were met. There were no new borrowings or repayments during the fiscal year.

Intragroup assets and liabilities

The €39 million decrease in net receivables from subsidiaries derived mainly from the following factors:

- an overall increase in amounts borrowed from subsidiaries of €221.82 million, mainly from the balance related to the sale by its subsidiaries of Allied Universal shares (€205.32 million);
- increase in loans to subsidiaries for a total amount of €60.8 million dedicated to the financing of current operations and some financing; and
- distribution of an interim dividend of €200 million from Trief Corporation, paid into the current account.

Impairment of equity investments

For the fiscal year 2020 the valuation of the investments on the basis of the NAV, the net positions and on the basis of the average price of the last twenty days preceding 12/31 for treasury shares resulted in the recognition:

- of an additional impairment of EUFOR shares for an amount of €175.4 million;
- of a reversal of impairment of TRIEF Corporation shares for an amount of €31,9 million; and
- of an additional impairment of treasury shares for an amount of €8.7 million.

The assumptions applied take into account the economic situation which has been negatively affected by the Covid-19 crisis.

These financial statements were finalized by Wendel SE's Executive Board on March 10, 2021.

7.4.2 Accounting principles

The balance sheet and income statement have been prepared in accordance with the accounting standards prescribed by the French chart of accounts in effect, applying the same exceptions as in previous years.

The two exceptions to the policies set out in the French chart of accounts are as follows:

- substitution of "Net financial income" as the sub-total representing the Company's activity for "Operating income", as defined by the chart of accounts;
- recognition of all capital transactions on assets other than marketable securities in "Exceptional items". Regarding marketable securities, changes in provisions for impairment and gains and losses on disposal are recognized in "Net financial income."

The valuation methods applied remain unchanged compared to those of prior years.

The gross value of items included in non-current assets corresponds to their acquisition cost or the cost at which they were contributed to the Company, excluding ancillary costs.

Use of estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the amounts reported in the financial statements. These estimates are based on an appreciation of the facts and circumstances existing at the balance sheet date, as well as on information available as of the date the accounts were finalized. They are based on the Executive Board's past experience and various other factors deemed reasonable (market data and expert valuations, etc.), and are reviewed on a regular basis. The uncertainty has complicated forecasting, and actual amounts could therefore be different from the forecasts. The most significant estimates used in preparing these financial statements concern mainly investments in subsidiaries and associates and the recoverability of receivables.

Operating subsidiaries

The initial value of investments in subsidiaries and associates is their historical cost. Internal indicators of loss in value are reviewed annually for each investment. In the event of an indication of loss in value, valuations are updated. The valuation method used depends on the type of business (operating or holding company) and can be based on the ownership share of the net book value of the entity or of the net asset value after revaluation. In this case, the valuation can be based on a variety of methods, including discounted future cash flows, a multiple of sales or income, external transactions on similar companies, stock market values, etc. When the carrying value falls below net book value, an impairment loss is recognized on the difference.

Loans and receivables

Loans and receivables are valued at face value. An impairment loss is recognized if there is a probability of non-recovery. Loans and receivables related to investments are written down if the net asset value of the subsidiary concerned (or the net book value if it is deemed representative of the recoverable value) becomes negative.

Issue and redemption premiums, and debt issuance costs

Issue and redemption premiums are generally amortized using the effective interest method over the term of the corresponding loan. Debt issuance costs are spread over the term of the loan in accordance with the preferential method recommended by CRC Regulation No. 99-02.

Interest rate derivatives

Financial gains and losses arising on interest rate swaps are recognized in the profit and loss account when realized or incurred. A provision for losses is recognized when the value of the swaps is negative and when the swaps do not qualify as hedging instruments.

Currency derivatives

Wendel SE applies the ANC Regulation 2015-05, relating to forward financial instruments and hedging transactions, published by France's national accounting body on July 2, 2015 and applicable from January 1, 2017, which requires unhedged "isolated open positions" to be recognized at fair value. Derivatives must be recognized at their fair value as "treasury instruments" on the balance sheet in order to show the Company's position. Changes in the value of these derivatives are recognized against prepayment and accruals accounts on the balance sheet "Valuation differences on treasury instruments – assets or liabilities". There is no impact on net income.

When the value of these instruments is negative, a provision for risks and contingencies is recognized for this negative amount.

Marketable securities

Marketable securities are measured using the "first-in, first-out" method. A provision for impairment is recognized if the net book value of the securities is greater than market value.

Accounting for transactions in foreign currencies

Receivables and payables denominated in foreign currencies are converted into euros at the year-end exchange rate. Currency translation differences on items that have not been hedged for exchange rate risks are recognized as currency translation adjustments within assets or liabilities. A provision is made for unrealized foreign exchange losses.

Provisions for pensions

Obligations related to retirement bonuses and defined-benefit pension schemes are determined at each balance sheet date taking into account the age of the Company's employees, their length of service and the likelihood that they will remain at the Company until they retire. The calculation is based on an actuarial method. A provision is recognized for the portion of the obligation that is not covered by plan assets.

7.4.3 Notes to the balance sheet

NOTE 1 Investments in subsidiaries and associates

In thousands of euros	% Interest 12/31/2019	% Interest 12/31/2020	Amounts net 12/31/2019	Acquisitions and Subscriptions	Divestments and Mergers	Change of Provisions	Amounts net 12/31/2020
French associates							
Sofiservice	100.00	100.00	60	-	-	-44	16
Eufor	100.00	100.00	3,774,463	-	-	-175,400(1)	3,599,063
Coba	100.00	100.00	25	-	-	-4	21
Winvest 16	-	100.00	-	0	-	-	0
Non-French associates							
Trief Corporation	100.00	100.00	3,338,002	-	-	31,920(1)	3,369,922
Trief Corporation – technical merger loss	100.00	100.00	384,960	-	-	-	384,960
Oranje-Nassau Groep	100.00	100.00	71,231	-	-	151	71,382
TOTAL	**-**	**-**	**7,568,741**	**-**	**-**	**-143,378**	**7,425.363**

(1) As of December 31, 2020, the Company analyzed the value of investments in subsidiaries and associates on the basis of their net asset value. This analysis led the Company to write down the Eufor shares (the entity holding the Group's stake in Bureau Veritas) for an amount of €175,400 thousand and to reverse the impairment on the shares of Trief Corporation (the entity holding the Group's unlisted portfolio) for an amount of €31,920 thousand following the interim dividend paid by this company.

NOTE 2 Treasury shares

In thousands of euros	% Interest 12/31/2019	% Interest 12/31/2020	Amounts net 12/31/2019	Acquisitions	Divestments	Transfer account	Change of Provisions	Amounts net 12/31/2020
Wendel shares	0.77%	0.86%	41,771	4,718(1)			-8,729(2)	37,760
TOTAL			**41,771**	**4,718**	**-**	**0**	**-8,729**	**37,760**

(1) The Company acquired 40,584 shares for a total amount of €4,718 thousand. 34,200 shares resulted from a transfer of the liquidity contract and 6,264 shares allocated to capital reduction.
(2) As of December 31, 2020, the Company holds 386,229 treasury shares with a book value of €37,760 thousand. These shares were valued in accordance with accounting principles on the basis of the average of the last 20 stock market prices for December 2020 (€97.87 per share). This analysis led to an adjustment of the provision in the amount of €8,729,000.

As of December 31, 2020, Wendel SE held 900,665 treasury shares (908,950 treasury shares as of December 31, 2019).

These treasury shares were allocated as follows:

- 345,965 shares were allocated to potential acquisition activity and were classified as non-current financial assets (345,645 as of December 31, 2019);
- in the amount of 6,264 shares, to capital reduction operations, they are classified as financial assets;
- 459,462 shares were allocated to cover grants under stock-option plans. They were classified as marketable securities within current assets (see note 4 "Marketable securities"); and
- 54,974 shares were held under the liquidity contract. They were classified as marketable securities within current assets (see note 4 "Marketable securities").

NOTE 3 Other receivables

In thousands of euros	12/31/2020 Amounts gross	12/31/2020 Impairment	12/31/2020 Amounts net	12/31/2019 Amounts gross	12/31/2019 Impairment	12/31/2019 Amounts net
Tax and employee social security receivables	1,840	-	1,840	3,065	-	3,065
Loans and advances connected with investments(1)	146,260	-	146,260	106,832	0	106,832
Other(2)	1,016	-	1,016	4,340	-1,780	2,560
TOTAL	**149,116**	**-**	**149,116**	**114,237**	**-1,780**	**112,457**
Of which related companies	*146,260*			*108,380*		
Of which accrued income	*2,479*			*6,896*		

(1) These receivables correspond to advances granted to holding companies contributing to the holding of the Group's various investments.
(2) Includes €1,011,000 in accrued interest on interest rate and currency derivatives (see note 9).

NOTE 4 Marketable securities

In thousands of euros	12/31/2020 Net Book Value	12/31/2020 Market Value	12/31/2019 Value Book net	12/31/2019 Value market
Wendel shares (excluding liquidity contract)[1]				
Shares allocated to stock-option plans[2]	53,794	44,968	55,936	58,006
Shares allocated to performance share plans[3]	-	-	-	-
SUB-TOTAL	**53,794**	**44,968**	**55,936**	**58,006**
Money-market mutual funds and deposits	576,658	576,658	611,775	611,775
Funds managed by financial institutions	279,873	279,873	336,793	336,793
Liquidity contract				
Wendel shares[4]	5,254	5,380	8,065	8,745
SUB-TOTAL	**861,785**	**861,911**	**956,633**	**957,314**
TOTAL	**915,579**	**906,878**	**1,012,570**	**1,015,320**

(1) *Number of Wendel shares held as of December 31, 2020: 459,462.*
Number of Wendel shares held as of December 31, 2019: 489,505.
(see note 2 "Treasury shares")

(2) *Shares held for the exercise of purchase-type stock options granted under stock-option plans. The net book value of these shares is the acquisition price of the securities. Any negative difference arising between the book value and the exercise price of the purchase options is provisioned in proportion to the rights acquired within "Provisions for risks and contingencies". As of December 31, 2020, this provision totaled €6,137,000.*

(3) *No shares were allocated to cover performance share plans. In accordance with accounting standards, the loss related to the vesting of performance shares is provisioned in proportion to the extent to which they have vested. As of December 31, 2020, these plans were not hedged, but the value of the allocated shares as of that date was recognized in Provisions for risks and contingencies. As of December 31, 2020, this provision totaled €16,265,000.*

(4) *Number of Wendel shares held as of December 31, 2020: 54,974.*
Number of Wendel shares held as of December 31, 2019: 73,800
(see note 2 "Treasury shares").

NOTE 5 Changes in shareholders' equity

Number of shares	In thousands of euros	Share capital Company (notional amount €4)	Share premiums issue of merger and contributions	Reserve legal	Reserves regulated	Other reserves & Retained to new	Income net of Fiscal year	Total capital equity
46,280,641	**Balance as of 12/31/2018 before appropriation**	**185,123**	**50,940**	**20,224**	**101,870**	**4,898,192**	**340,383**	**5,596,732**
	Appropriation of 2018 income(1)	-	-	-	-	340,383	-340,383	-
	Dividend	-	-	-	-	-123,658	-	-123,658
	Capital reduction							
-1,169,399	■ Decision of 04/25/2019	-4,678	-	-	-	-135,183	-	-139,861
-475,939	■ Decision of 12/19/2019	-1,904	-	-	-	-60,882	-	-62,786
	Capital increase							
26,055	■ Company savings plan	104	2,018	-	-	-	-	2,122
20,950	■ Exercises of options	84	313	-	-	-	-	397
	2019 income	-	-	-	-	-	1,865,893	1,865,893
44,682,308	**Balance as of 12/31/2019 before appropriation**	**178,729**	**53,271**	**20,224**	**101,870**	**4,918,852**	**1,865,893**	**7,138,839**
	Appropriation of 2019 income(2)	-	-	-	-	1,865,893	-1,865,893	-
	Dividend	-	-	-	-	-122,609	-	-122,609
	Capital increase							
36,811	■ Company savings plan	147	2,069	-	-	-	-	2,216
	■ Exercises of options	-	-	-	-	-	-	0
	Results 2020	-	-	-	-	-	-26,613	-309,961
44,719,119	**Balance as of 12/31/2020 before appropriation**	**178,876**	**55,339**	**20,224**	**101,870**	**6,662,137**	**-26,613**	**6,991,833**

(1) The amount allocated to retained earnings, as approved by shareholders at their May 16, 2019 Annual General Meeting, was increased by €2,712,000 because no dividends were paid on the Wendel shares the Company held in treasury on the dividend payment date.

(2) The amount allocated to retained earnings, as approved by shareholders at their July 2, 2020 Annual General Meeting, was increased by €2,501,000 because no dividends were paid on the Wendel shares the Company held in treasury on the dividend payment date.

(3) A dividend of €2.80 per share was paid in 2020 and 2019 on 2019 and 2018 earnings.

NOTE 6 Provisions for risks and contingencies

In thousands of euros		12/31/2019	Allocations of Fiscal year	Reversals during the year used	Reversals during the year unused	12/31/2020
Provision for pensions and post-employment benefits		925	143	-	-	1,068
Provision for allocation of performance shares and purchase options	Note 4	14,998	7,387	563	-	21,822
Provision for risks – Guarantees given(1)		27,000		27,000	-	0
Other risks and contingencies		4,569	1,106		82	5,593
TOTAL		**47,491**	**8,636**	**27,563**	**82**	**28,483**
		Operating income	1,249	-	-	-
		Net financial expense	7,387	563	-	-
		Exceptional items	0	27,000	82	-
		-	**8,636**	**27,563**	**82**	**-**

(1) *See below.*

The principal disputes, claims and risks identified for Wendel and its holding companies are as follows:

- labor disputes for which a provision has been made;
- various legal actions brought by Wendel managers as a result of the unwinding of a mechanism for participating in the Group's performance which were concluded either by the withdrawal or rejection of their claims or a stay pending decisions in other individual cases. No provision has been set aside;
- as part of the initial investment in Tsebo Group's South African entities by an Investor Meeting the criteria set by local B-BBEE regulations ("Broad-Based Black Economic Empowerment" business incentive program to support the economic development of black people in South Africa), Wendel guaranteed the repayment obligations relating to acquisition financing contracted by this investor, thereby helping maintain Tsebo's "B-BBEE level 1" rating. A provision for risk had been recognized at the end of 2019 in the amount of €27 million. When the Wendel Group transferred its stake in Tsebo to a South African consortium of investors and management, the net amount paid by Wendel amounted to €19 million and the excess provision was recognized as income.

NOTE 7 Financial debt

In thousands of euros	12/31/2020	12/31/2019
1.00% 2023 bonds	300,000	300,000
2.75% 2024 bonds	500,000	500,000
2.50% 2027 bonds	500,000	500,000
1.375% 2026 bonds	300,000	300,000
Syndicated loan (Euribor + Marge)(1)	-	-
Accrued interest	19,526	19,499
SUB-TOTAL	**1,619,526**	**1,619,499**
Borrowings connected with investments in subsidiaries and associates(2)	79,497	79,162
TOTAL	**1,699,023**	**1,698,661**
Of which less than one year	*99,023*	*98,661*
1 to 5 years:	*800,000*	*800,000*
more than 5 years:	*800,000*	*800,000*
accruals:	*19,526*	*19,499*

(1) The Company did not use its syndicated credit line in 2020 (see note 17).
(2) These are current accounts of Group entities, mainly vis-à-vis its subsidiary Oranje-Nassau Groep for an amount of €72.1 million.

NOTE 8 Other current liabilities

In thousands of euros		12/31/2020	12/31/2019
Sourcing & suppliers(1)		3,171	5,736
Tax and employee social security liabilities		8,719	12,130
Accrued interest on interest rate derivatives	Note 9	8,301	9,058
Other		423	309
TOTAL		**20,614**	**27,235**
Of which related companies		*189*	*214*
Of which accrued expenses		*19,316*	*24,858*

(1) The breakdown of trade payables by maturity (pursuant to Article 441-6-1 of the French Commercial Code) was as follows:

	At 12/31/2020	At 12/31/2019
• payment within 30 days:	228	1,330
• payment in more than 30 days:	89	1,045
• invoices not yet received:	2,854	3,360

NOTE 9 Financial instruments

In thousands of euros		12/31/2020 Assets	12/31/2020 Liabilities	12/31/2019 Assets	12/31/2019 Liabilities
Cross currency swaps (CCS)					
Accrued interest not yet due		1,011	8,301	1,010	9,058
Provision for risks & contingencies	Note 6	-	-	-	-
Cash instruments – CCS		64,863	-	14,365	-
Differences in val. on Cash instruments		-	64,863	-	14,365
Forward currency sale					
Cash instruments – MTM		-	-	258	258

Cross currency swaps

Certain Group investments operate in several countries, and as a result, derive a share of their earnings in currencies other than the Euro, notably the U.S. dollar. The subsidiaries with the greatest exposure to the US dollar are Bureau Veritas, Constantia Flexibles, Stahl, IHS and CPI. In early 2016, given the exposure of these assets to the dollar, €800 million of Wendel SE bond debt was synthetically swapped to debt denominated in dollars using derivative instruments (cross currency swaps).

The characteristics of the cross-currency swap are: Wendel SE pays 2.23% in USD against 0.24% in EUR. These instruments did not qualify for hedge accounting. The interest payment flows are therefore recognized when realized or incurred.

As of December 31, 2020, the value of the instrument was positive for Wendel SE. It totaled €64,863,000. As of December 31, 2019, the instrument had a positive value of €14,365,000.

At the beginning of March 2021, these financial instruments were unwound, for which the Company received an amount of €39.5 thousand.

NOTE 10 Off-balance-sheet commitments

In thousands of euros **Commitments given**	12/31/2020	12/31/2019
Pledges, mortgages, and collateral	**-**	**-**
Sureties, endorsements, and guarantees given	**0**	**6,496**
of which:		
▪ guarantees given relating to Wendel London Limited's rental of offices (equivalent GBP 5.5 m) Lease terminated in 2020	0	6,496

7.4.4 Notes to the income statement

NOTE 11 Income from investments in subsidiaries and associates and long-term equity portfolio

In thousands of euros **Dividends from:**	**2020**	**2019**
Oranje-Nassau Groep	0	1,450,000
Trief Corporation	200,000	3,788,780
Other	0	19
TOTAL	**200,000**	**5,238,799**
Of which interim dividend:	*200,000*	*5,238,780*

NOTE 12 Other financial income and expense

In thousands of euros **Income**	**2020**	**2019**
Other interest and similar income(1)	4,562	8,294
Foreign exchange gain	12	17
Provisions reversed(2)	563	9,397
Amortization related to bond issue premiums	608	1,389
TOTAL	**5,745**	**19,098**
Of which related companies	*70*	*2,852*

Expenses	**2020**	**2019**
Interest on bonds	33,401	46,103
Other interest and similar expenses(3)	19,281	29,693
Foreign exchange loss	39	89
Provisions recognized(4)	7,387	6,678
Amortization of bond redemption premiums	486	798
TOTAL	**60,595**	**83,362**
Of which related companies	*322*	*69*

(1) This item primarily comprises income of €1,999,000 from the disposal of marketable securities and interest on cash investments, interest income on current accounts of €70,000 and interest income on cross currency swaps of €1,010,000.
(2) This is essentially a reversal of the risk provision on stock options granted under stock option programs.
(3) This amount mainly includes a loss of €1,777,000 on the gain or loss on the disposal of marketable securities, a loss on the disposal of Wendel shares granted under stock option programs and performance share plans of €563,000, a cross currency swap interest expense of €15,775,000.
(4) This amount mainly includes an allocation to provisions for risks on stock options granted under stock-option plans and performance share plans of €7,968,000 (see note 4).

NOTE 13 Operating revenue

In thousands of euros	2020	2019
Property rental	54	55
Services invoiced to subsidiaries	14,938	14,289
Other income	609	1,317
Transfer of expenses	17	1,050
Provisions reversed	0	1,351
TOTAL	**15,617**	**18,062**
Of which related companies	*15,245*	*15,483*

NOTE 14 Compensation and staff numbers

See note 18 for a description of the compensation the Company allocated to the members of the Executive and Supervisory Boards.

Average staff numbers	2020	2019
■ Executive employees	52	48
■ Non-executive employees	7	6
TOTAL	**59**	**54**

NOTE 15 Exceptional items

In thousands of euros	Exceptional income			Exceptional expenses			Balances fiscal year 2020
	Management Operations	Divestment Gains	Reversals of Provisions	Management Operations	Divestment Losses	Additions to Provisions	
Property, plant & equipment							
■ Land	-	43	-	-	-	-	43
■ Buildings	-	287	-	-	-	-	287
■ IT equipment, furniture, and vehicles	-	-	-	-	12	-	-12
Other exceptional transactions							
■ Provision for impairment of securities	-	-	32,071	-	-	184,177	-152,106
■ Provision for impairment for risks and contigencies	-	-	82	-	-	-	82
■ Guaranteed settlement given related to TSEBO	7,000	-	28,780	28,763	-	-	7,018
■ Other	370	-	-		-	-	370
TOTAL	**7,370**	**330**	**60,933**	**28,763**	**12**	**184,177**	**-144,317**

On December 31, 2020, the non-recurring income of €-144,317,000 mainly included changes in provisions and impairment on assets related to subsidiaries that paid interim dividends (see note 1) and an exceptional income of €7,000,000 resulting from the unwinding of the guarantee granted to the investor lender B-BEE of Tsebo (see note 6 "Provisions for risks and contingencies").

NOTE 16 Income tax

Income tax breaks down as follows:

In thousands of euros	2020
Taxable base at a rate of	**28.00%**
On 2020 income before exceptional items	117,673
On 2020 exceptional items	-144,318
	-26,645
Addbacks/deductions related to tax consolidation	-48,265
	-74,910
Deduction of losses carried forward	-
Taxable income of the tax consolidation Group	**-74,910**
Corresponding tax	**-**
Contributions of 3.3%	-
Deduction in respect of tax credits	32
Impact of tax consolidation	-
INCOME TAX RECOGNIZED IN THE INCOME STATEMENT	**32**

The Company has opted for tax consolidation status, as defined in Articles 223 A-U of the French Tax Code. According to the tax consolidation agreements between Wendel and the other companies in the tax Group, each company contributes to the tax of the Group by paying Wendel the amount it would have paid had it been taxed on a stand-alone basis *(i.e.* without tax consolidation). Certain Group companies in turn hold subsidiaries. The tax consolidation agreements between Wendel and these companies require the Company at the head of such a sub-Group to calculate its contribution to the tax of the Wendel Group based on the sub-Group's overall income as if the Company and its subsidiaries were a distinct tax consolidation Group.

This mechanism produced a tax income for Wendel SE equal to the difference between the tax payable and the amount received from subsidiaries. The members of the Wendel tax consolidation Group in 2020 were: the parent company Wendel SE and Sofiservice, Coba, Eufor, Waldggen and Winvest 16.

As of December 31, 2020, there was no tax consolidation income.

NOTE 17 Liquidity and debt situation

At December 31, 2020, gross debt consisted of bonds for a total amount of €1,600 million. Bond maturities are spread between April 2023 and February 2027 and the average maturity is 4.5 years.

Wendel also has an undrawn €750 million syndicated loan maturing in October 2024. Wendel was in compliance with its financial covenants as of December 31, 2020. This undrawn line of credit notably gives Wendel enough flexibility to take advantage of investment opportunities.

Moreover, in the context of currency risk management (see note 9 Financial instruments), €800 million in bond debt has been converted into dollar-denominated debt through the use of derivatives (cross-currency swaps).

At the date of the closing of the financial statements, Wendel's long-term rating from Standard & Poor's was BBB "stable" outlook, and the short-term rating A-2. Similarly, Moody's has assigned Wendel a rating of Baa2 "stable" outlook with a short-term rating of P-2.

Wendel's next significant financial deadline is the €300 million bond, due to be redeemed in April 2023. Wendel's liquidity risk over the 12 months following the reporting date is therefore low given its high level of cash and short-term financial investments and its €750 million fully-undrawn syndicated credit line.

Bonds issued by Wendel – documentation

These bonds are not subject to financial covenants, but carry standard clauses for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

Wendel's syndicated loan – documentation and covenants (undrawn as of December 31, 2020)

The syndicated loan has financial covenants associated with it, based primarily on the market value of Wendel's assets and on the amount of its net debt.

Wendel's net debt figure is based on consolidation of the Group's financial holding companies and does not include the debt of operating companies or that of holding companies set up for the purpose of acquisitions. The net debt taken into account corresponds to Wendel bonds and the syndicated loan, when drawn, reduced by cash.

Net debt of the Group subsidiaries is deducted from the gross revalued assets of these subsidiaries inasmuch as it is without recourse to Wendel.

These covenants are as follows:

- the net financial debt of Wendel and the financial holding companies compared to the gross revalued value of assets after unrealized taxes (excluding cash) must not exceed 50%;
- the ratio of:
  - the unsecured gross debt of Wendel and its financial holding companies plus their off-balance-sheet commitments that are akin to unsecured debt, less their available cash (not pledged or in escrow), to,
  - the amount of 75% of the value of the available listed assets (not pledged or in escrow) and 50% of the value of available unlisted assets (not pledged or in escrow).

  must not exceed one.

These ratios are tested half-yearly when there are drawdowns under the syndicated loan line. As of December 31, 2020 Wendel was in compliance with all covenants.

The syndicated loan agreement carries standard covenants for this type of debt instrument (prohibition or restriction on the pledging of assets as collateral to certain types of lenders, accelerated maturity should Wendel default on a payment beyond certain thresholds, change of control clause, etc.).

NOTE 18 Related parties

Related parties are Wendel-Participations and the members of the Supervisory Board and the Executive Board.

Members of the Supervisory Board and Executive Board

Total compensation awarded by the Wendel Group, for fiscal year 2020, to André François-Poncet, Chairman of the Executive Board and to David Darmon, member of the Executive Board amounted to €3,846.7 thousand.

The value of the options and performance shares granted to them during the 2020 fiscal year amounted to €2,883 thousand at the grant date.

Compensation paid to members of the Supervisory Board in fiscal year 2020 was €1,202,000, including €1,107,000 by Wendel SE (i) in consideration of service by members of the Supervisory Board, (ii) as compensation of the Chairman of the Supervisory Board and (iii) as compensation of the lead independent member of the Supervisory Board, and €95,000 paid to certain members of the Supervisory Board by Wendel-Participations SE for serving on its Board of Directors. These amounts do not include the salary of the employee representative on Wendel's Supervisory Board, who does not receive Wendel SE director's fees.

As of December 31, 2020, the commitments made by the Company to André François-Poncet, in the event of his departure, were as follows (provided performance conditions are met):

- in the event of his removal from office not on grounds of failure, for each month of service, to benefits equal to his monthly fixed compensation at the time of termination, up to a maximum of 24 months' fixed compensation; and
- in the event of his resignation or removal from office following the loss of control by Wendel-Participations SE of Wendel voting rights, 36 months' fixed compensation as existing at the time of departure.

As of December 31, 2020, the commitments made by the Company to Executive Board member David Darmon, in the event of his departure, were as follows (provided performance conditions are met):

- benefits equal to the gross monthly fixed compensation multiplied by the number of months of presence as a member of the Executive Board, such payment being capped at 18 months of fixed compensation;
- in the event his employment contract is terminated, the payments due by law and agreement under said employment contract, with the provision that the total payments made to Mr. David Darmon for his service as a corporate officer and under his employment contract may not exceed 18 months of fixed and variable compensation.

In accordance with Wendel's policy of associating managers with the Group's investments, the members of the Executive Board takes part in the co-investment mechanisms described in note 4-1 of the consolidated financial statements, "Participation of managers in Group investments".

Wendel-Participations

Wendel-Participations SE is owned by around 1,200 Wendel family individuals and legal entities. Wendel-Participations investors together held a 39.31% stake in Wendel SE as of December 31, 2020, representing 51.72% of theoretical voting rights and 52.42% of the exercisable voting rights as of that date.

There are no other economic or financial relationships between Wendel-Participations and Wendel besides those related to the holding of shares and the following agreements:

- a service delivery agreement entered into for the implementation of the provisions of the Sapin 2 Law on the prevention of corruption and for the implementation of CBCR reporting;
- a memorandum of understanding on the use of the "Wendel" family name and a license agreement governing the use of the "WENDEL Investissement" brand;
- a service agreement for administrative assistance; and
- an agreement to lease premises by Wendel to Wendel-Participations.

NOTE 19 Subsequent events

None.

Securities portfolio

In thousands of euros	Number of securities held	Operating subsidiaries in %	Gross value of inventory
INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES			
Subsidiaries (over 50% owned)			
a) French			
Sofiservice	8,500	100.0%	354
Eufor	2,029,196	100.0%	3,788,797
b) Non-French			
Trief Corporation	82,561	100.0%	6,439,632
Trief Corporation – technical merger loss	-	-	384,960
Oranje-Nassau Groep	1,943,117	100.0%	238,320
Other subsidiaries and associates			
Securities of French companies	2,500	100.0%	53
Securities of French companies	10	100.0%	0
			10,852,116
OTHER LONG-TERM INVESTMENTS			
Other French equities	-	-	34
			34

Subsidiaries and associated companies

In thousands of euros	Share capital	Other capital equity (income included)	% of share capital held	Gross book values from securities held	Net book values from securities held	Loans and advances granted	Sureties and endorsements given	Net sales of last fiscal year	Last year's Income	Dividend cashed during Fiscal year
DETAILED INFORMATION (on subsidiaries and associates whose gross carrying value is greater than 1% of the share capital of Wendel)										
French										
Eufor	20,292	425,200	100.0%	3,788,797	3,599,062	1,038	-	-	-316	-
Non-French										
Trief Corporation[(1)(2)]	825,610	2,265,585	100.0%	6,824,592	3,754,833	144,648	-	755	106,971	200,000
Oranje-Nassau Groep[(2)]	8,744	62,637	100.0%	238,320	71,381	-	-	-	-237	-
GENERAL INFORMATION										
French subsidiaries	-	-	-	407	38	-	-	-	-	-
Non-French subsidiaries	-	-	-	-	-	-	-	-	-	-
French associates	-	-	-	-	-	-	-	-	-	-
Non-French associates	-	-	-	-	-	-	-	-	-	-

(1) *Including technical merger loss.*
(2) *Consolidated figures.*

Five-year financial summary

Nature of disclosures	2016 Fiscal year	2017 Fiscal year	2018 Fiscal year	2019 Fiscal year	2020 Fiscal year
1. CAPITAL AT THE YEAR-END					
Share capital[1]	188,370	185,013	185,123	178,729	178,876
Number of ordinary shares in issue	47,092,379	46,253,210	46,280,641	44,682,308	44,719,119
Maximum number of shares that could be issued:					
▪ through the exercise of options	167,151	29,326	20,950	0	0
2. OPERATIONS AND INCOME FOR THE YEAR[1]					
Revenue (excluding taxes)	13,312	13,828	12,718	15,661	15,601
Income from investments in subsidiaries and associates	400,014	260,005	500,006	5,238,799	200,000
Income before tax, depreciation, amortization and provisions	133,052	104,149	375,979	5,117,755	106,044
Income taxes[4]	-9,335	-11,900	-2,505	-2,885	-32
Net income	135,543	116,893	340,383	1,865,893	-26,613
Dividends[2]	110,667	122,571	129,586	125,110	129,685 (3)
of which interim dividends	-	-	-	-	-
3. EARNINGS PER SHARE (in euros)					
Income after tax but before depreciation, amortization and provisions	3.02	2.51	8.18	114.60	2.37
Net income	2.88	2.53	7.35	41.76	-0.60
Net dividend	2.35	2.65	2.80	2.80	2.90[3]
of which interim dividends	-	-	-	-	-
4. EMPLOYEE DATA					
Average number of employees	60	55	53	54	59
Total payroll[1]	12,314	16,810	12,183	18,630	13,616
Employee benefits paid during the year (social security, social welfare, etc.)[1]	7,218	8,295	8,743	9,402	7,758

(1) In thousands of euros.
(2) Including treasury shares.
(3) Ordinary dividend of €2.90 (subject to approval by the Annual General Meeting of June 29, 2021).
(4) Negative amounts represent income for the Company.

7.5 Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

(Year ended December 31, 2020)

To the the annual general meeting of Wendel,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying financial statements of Wendel for the year ended December 31, 2020.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2020 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for statutory auditors for the period from January 1st, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of investments in subsidiaries and associates, and loans and advances connected with investments

Risk identified

As of 31 December 2020, investments in subsidiaries and associates, and loans and advances connected with investments, recorded in the balance sheet for a net carrying amount of 7,425 M€ and 146 M€ respectively, represent 86% of the company's total balance sheet.

Investments in subsidiaries and associates are recorded at their acquisition cost and loans and advances connected with investments are recorded at their nominal amount, as described in the "Subsidiaries and associates" and "Loans and Receivables" sections of the note "Accounting Principles" to the financial statements. They are depreciated if their recoverable amount is lower than their carrying amount at the closing date.

The valuation methods used to determine the inventory value depend on the type of activity of the entities and may be based on the share of equity or the share of revalued net assets, the determination of which can be based on various methods (discounted future cash flows, multiples of sales or margins, external valuations compared to transactions in similar companies, stock market values).

Additional depreciation recognized for Eufor is 175 M€ and a reversal has been recognized for Trief Corporation for 32 M€ for the year ended December 31, 2020.

We considered that the valuation of investments in subsidiaries and associates, and loans and advances connected with investments, constitutes a key audit matter due to the materiality of these items in the company's financial statements, and because the determination of their recoverable amount requires the use of assumptions, judgments and estimates, that take into account the current economic situation deteriorated by the Covid-19 crisis.

Our response

To assess the estimate of the recoverable amount of the investments in subsidiaries and associates, our work primarily consisted in:

- assessing, on the basis of the information provided to us, whether the valuation method applied used had been justified by the management;
- testing the arithmetic accuracy of the recoverable value calculations used by the company, in particular when the valuation is based on the share of equity;
- corroborate the average share price used for valuations based on the valuation of listed securities, from external sources;
- for companies indirectly detained, whose inventory value is determined using a multiples method;
  - assessing the relevance of the margin multiples used by management,
  - evaluating the consistency of the estimates with those used for the impairment tests performed on the goodwill in the company's consolidated financial statements, in particular concerning the budget assumptions for companies whose valuation is based on the Group's share of net asset value, taking into account of the impact of the crisis linked to the pandemic of Covid-19;
- assess the appropriateness of the information mentioned in Note 1 of the appendix to the annual accounts.

For the valuation of loans and advances connected with investments, we examined the impairment test on the basis of the valuations used within the framework of impairment testing investments in subsidiaries and associates.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Executive Board and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code *(Code de commerce)*.

We attest that the declaration of extra-financial performance provided for in article L. 225 102 1 of the French Commercial Code appears in the management report, it being specified that, in accordance with the provisions of article L. 823 10 of this Code, the information contained in this declaration has not been verified by us as to its sincerity or consistency with the annual accounts and must be the subject of a report by an independent third party.

Report on Corporate Governance

We attest that the Supervisory Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 et L. 22-10-9 of the French Commercial Code *(Code de commerce)*.

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code *(Code de commerce),* we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of presentation of the financial statements intended to be included in the annual financial report

In accordance with Article 222-3, III of the AMF General Regulation, the Company's management informed us of its decision to postpone the presentation of the financial statements in compliance with the European single electronic format as defined in the European Delegated Regulation No 2019/815 of 17 December 2018 to years beginning on or after January 1st, 2021. Therefore, this report does not include a conclusion on the compliance with this format of the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*).

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Wendel by your annual general meeting held on November 15th 1988 for ERNST&YOUNG Audit and on May 16th 2019 for DELOITTE & ASSOCIÉS.

As at December 31, 2020, ERNST & YOUNG Audit and DELOITTE & ASSOCIÉS were in the 33th year and 2nd year of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Executive Board.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code *(Code de commerce)*, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements;

- assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit to the Audit Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code *(Code de commerce)* and in the French Code of Ethics *(Code de déontologie)* for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, March 17, 2021

The Statutory Auditors

French original signed by

ERNST & YOUNG Audit	DELOITTE & ASSOCIES
Jacques PIERRES	Mansour BELHIBA

8 SHARE CAPITAL AND SHAREHOLDERS

8.1 Wendel share performance and dividend

8.1.1 Market data

Change in Euro Stoxx 50 and Wendel share price rebased to compare with the Wendel share price on June 13, 2002. Source: FactSet.

Comparison of total shareholder return for Wendel and the Euro Stoxx 50, since the CGIP/Marine-Wendel merger

Reinvested dividend performance from June 13, 2002 to March 31, 2021	Total returns for the period	Annualized return over the period
Wendel	515.6%	10.2%
Euro Stoxx 50	139.1%	4.7%

Source: FactSet.

Share references

Listing market: EUROLIST SRD, Compartment A (Blue Chips)

ISIN Code: FR0000121204 Bloomberg Code: MF FP

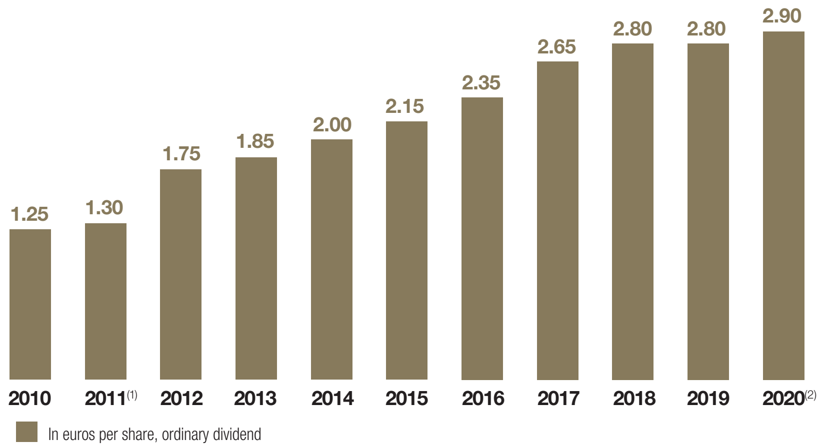
Reuters Code: MWDP. PA Mnemonic: MF

Indices: CAC AllShares, CAC Mid 60, Euronext 150, SBF120, STOXX® Europe, EURO STOXX®, STOXX® Europe Private Equity 20, STOXX® Europe 600, LPX 50, EN Family Business, MSCI World & Europe & EAFE ESG Leaders, DJSI Europe, DJSI World.

Quota: 1 share/PEA: Eligible/SRD: Eligible/par value: €4/Number of shares outstanding: 44,719,119 as of December 31, 2020.

8.1.2 Dividend

Ordinary dividend, in euros per share.



(1) The 2011 ordinary dividend included an exceptional distribution of one Legrand share for every 50 Wendel shares held.
(2) Wendel is proposing a dividend of €2.9 per share for 2020, up 3.6% compared to 2019 and representing a dividend yield of 3% based on Wendel's share price as of December 31, 2020. This is subject to the approval of the Shareholders' Meeting to be held on June 29, 2020. The dividend will be paid in cash on July 5, 2021, and the share will go ex-dividend on July 1st, 2021.

8.1.3 2020 share buyback program

The Shareholders' Meeting of July 2, 2020 (15th resolution) authorized a program for the Company to buy back its own shares up to a number of shares representing 10% of the number of shares comprising the share capital at the time of said buybacks, for a period of 14 months. The maximum repurchase price under this authorization is €250.

The Executive Board is thus authorized to repurchase the number of shares representing a maximum of 10% of the share capital, which was, at the dates the authorization was granted, 4,468,230 shares.

During the 2020 fiscal year, Wendel acquired its own shares as follows (for more details, refer to section 8.3.8):

- under the liquidity contract, Oddo Corporate Finance purchased 669,757 shares on behalf of Wendel;
- 6,264 shares were acquired and allocated for the purposes of a capital reduction (to be carried out subsequently).

8.1.4 Trading in Wendel shares

Date	Average closing price 1 month	Intraday high	Intraday low	Average daily trading volume
January 2018	147.47	151.6	141	8,124,309
February 2018	141.56	152.6	135	10,015,849
March 2018	137.43	145.80	121.40	11,097,622
April 2018	123.77	127.30	120.60	8,066,737
May 2018	122.28	129.50	111.70	8,072,238
June 2018	119,90	126.30	113.40	12,945,058
July 2018	122.47	126.00	114.80	6,988,973
August 2018	124.97	128.30	121.10	5,530,994
September 2018	128.53	132.60	123.20	8,270,975
October 2018	116.04	128.80	108.00	7,469,278
November 2018	111.03	117.50	105.60	6,828,790
December 2018	103.01	109.70	99.00	8,822,447
January 2019	106.45	109.70	101.40	5,052,861
February 2019	106.38	111.80	101.70	5,229,453
March 2019	111.96	115.00	108.30	4,966,473
April 2019	118.56	123.70	113.20	6,453,983
May 2019	118.30	123.90	111.70	6,737,238
June 2019	118.18	122.50	112.30	7,556,355
July 2019	122.38	126.80	119.40	5,224,724
August 2019	122.80	127.50	116.90	7,526,692
September 2019	124.55	128.70	119.90	7,383,212
October 2019	123.72	128.00	120.60	6,696,576
November 2019	124.63	129.40	118.50	7,985,085
December 2019	120.85	123.80	117.40	5,874,475
January 2020	120.87	124.10	116.70	5,802,707
February 2020	122.53	127.50	109.40	6,969,435
March 2020	83.58	113.40	54.80	10,282,142
April 2020	76.18	84.7	66.3	4,196,291
May 2020	77.78	87.85	69.1	5,318,390
June 2020	86.49	97.85	79.6	5,985,498
July 2020	82.77	89.10	78,00	4,113,426
August 2020	85.73	89.50	78.10	4,192,320
September 2020	81.37	89.25	72.05	4,421,434
October 2020	80.27	84.25	73.10	4,065,783
November 2020	89.58	96.35	74.40	5,568,231
December 2020	97.55	100.30	93.15	4,609,473
January 2021	99.14	102.40	93.15	5,082,152
February 2021	96.69	101.30	91.75	4,636,629
March 2021	101.58	107.50	95.40	6,441,884

Source: Euronext.

8.2 Financial communication policy

The Investor Relations department acts as an interface between the Group and the equity and bond investors. It aims to provide a clear view on the Group's results and strategy through its financial communications. Wendel has put in place a number of initiatives to keep informed its shareholders, bondholders, French and international investors and its financial analysts. Wendel means to offer to all these market participants a clear, comprehensive and transparent information in real time to enable them to get a better understanding of the Group's strategy, its positioning, the latest news of its portfolio companies and its medium-term objectives.

8.2.1 A constant and in-depth dialogue with the market

- Every year, the Investor Relations department organizes a number of events intended for analysts and institutional investors, to which journalists specializing in the industry are invited: an analysts' conference on the day of annual results publication, an "Investor Day", conference calls for the half-year results and other ad hoc events in case of strategic transactions such as acquisitions. The presentations are broadcast live on the website www.wendelgroup.com. All of the information presented is made available on the website on the day of publication and webcasts are available for one year.
- Due to the unprecedented situation in 2020, Wendel has adapted its communication actions with the market to allow continuity in the flow of information and exchanges with market players. No financial communication events were canceled, and all were replaced by remote events. Emphasis was placed on transparency with the market throughout the year to provide information on the estimated impacts and changes within the portfolio of investments.
- To take into account the significant need to monitor activity in the troubled times of the pandemic, Wendel organized an additional conference call during the Trading Update of the first quarter.
- Like every year, in November 2020, Wendel held its Investor Day, the aim of which is to enable stakeholders to meet and get to know the unlisted companies in its portfolio and to brief on Wendel's investment strategy. The 2020 edition, which is entirely digital in the most interactive and condensed format possible, was an opportunity for the executives of Constantia Flexibles, Cromology, Crisis Prevention Institute and Stahl to present their management of the COVID-19 crisis to the market.
- Since 2009, Wendel has implemented a financial communication policy aimed at its bond investors who benefit from the same policy of roadshows and events as equity investors, through the organization of "credit updates".
- Over the last five years, the Group has also strengthened its process of dialogue with its equity investors and proxy advisors on matters of governance, through targeted events held in conjunction with the General Secretary. Since 2019, Jacqueline Tammenoms Bakker, Chairwoman of the Governance Committee, has also chaired these events.
- For the first time in 2020, the Financial Communication department organized and participated in financial communication events focused on ESG. Accompanied by the Sustainable Development and Communication department, it participated in two conferences dedicated to ESG investors and was the first French issuer to hold an ESG thematic conference organized with the French Society of Financial Analysts (SFAF).
- Throughout the year, the Investor Relations department holds numerous events with institutional investors. As such, in 2020, members of the Executive Board and the Chief Financial Officer, supported by the Investor Relations team, held 29 equity and credit roadshows and took part in 7 brokers conferences in the main global financial markets. The generalization of the virtual meeting format will have made it possible to expand the regions covered, including Asia and Australia. In total, nearly 250 meetings with equity and bond investors took place in 20 different countries, mostly in France, the United Kingdom, the United States, Canada and Germany.

8.2.2 A dedicated policy for individual shareholders

In 2020, the Wendel Group pursued its communications policy dedicated to the almost 23,000 individual shareholders who represent 18.8% of its capital.

Wendel's Shareholders Advisory Committee was created in 2009, and it met three times in 2020, by visio conferene due to the sanitary context. Composed of nine members, the committee's role is to obtain feedback from individual shareholders on the media used to communicate with them: letters to shareholders, the website, social media and the management report. This year the CCAW was notably asked about their views on remote events' organization, helping us to better meet the expectations of our shareholders in this period of health crisis.

8.2.3 Information on the website

Wendel provides the financial community and its shareholders with specific "Investors" and "Individual shareholders" pages on its website: www.wendelgroup.com. These are both updated regularly and include, in particular:

- financial presentations and press releases ("Results" section). All public presentations are streamed live on the Company's website and available to view for one year;
- the most recent Net Asset Value (NAV) published and the methodology used ("Net Asset Value" section);
- the Universal Registration Document and Half-Year financial report;
- information on bondholders ("Credit investors" section);
- information for individual shareholders ("Individual shareholders" section);
- information on the Annual General Meeting ("Annual General Meetings" section).

8.2.4 2021 calendar

Q1 2021 Trading update and NAV – Publication of NAV as of March 31, 2021 (pre-market release)	April 28, 2021
Shareholders' Meeting	June 29, 2021
H1 2021 results – Publication of NAV as of June 30, 2021, and condensed half-Year consolidated financial statements (post-market release)	July 29, 2021
Trading update Q3 2021 and NAV – Presentation of NAV for September 30, 2021 (before market)	October 28, 2021
2021 Investor Day	December 2, 2021

8.2.5 Contacts

Wendel

89, rue Taitbout, 75009 Paris (France)

Internet: www.wendelgroup.com

Twitter: @Wendelgroup

E-mail: communication@wendelgroup.com

Tel.: +33 (0)1 42 85 30 00

Institutional investors and financial analysts

Olivier Allot, Director of Financial Communication and Data Intelligence

Email: o.allot@wendelgroup.com

Lucile Roch, Deputy Head of Financial Communication

Email: l.roch@wendelgroup.com

Individual shareholders

Toll-free number (from a landline in France): 0 800 897 067

Christine Anglade Pirzadeh, Director of Communications and Sustainable Development

E-mail: c.angladepirzadeh@wendelgroup.com

8.2.6 Documents available to shareholders and the public

In accordance with applicable law, the Company's by-laws, minutes of General Meetings and certain other Company reports, as well as historical financial information and other documents, may be consulted at the Company's registered office, at 89, rue Taitbout, 75009 Paris (France).

Pursuant to Article 19 of EU regulation 2017/1129 of the European Parliament and of the Council dated June 14, 2019, the following information is incorporated by reference in this Universal Registration Document:

- the key figures on page 14 as well as the consolidated financial statements and corresponding audit report on pages 277-362 of the 2018 Registration Document filed with the AMF on April 17, 2019 under number D. 19-0356;
- the key figures on page 28 as well as the consolidated financial statements and corresponding audit report on pages 321-394 of the 2019 Registration Document filed with the AMF on April 16, 2020 under number D. 20-0296.

The unincluded parts of these documents either do not apply to investors or are covered in a section of this Universal Registration Document.

In addition, all financial news and all information documents published by Wendel are accessible on the Company's website: www.wendelgroup.com.

Main press releases published by the Company in 2020 and in early 2021:

03.31.2021: Wendel integrates ESG targets into the financial terms of its undrawn €750 million syndicated credit facility

03.18.2021: 2020 full-year results

01.18.2021: Wendel announces the appointment of Harper Mates to the position of Managing Director

12.09.2020: Renewal of the appointments of Wendel's Executive Board

11.17.2020: Wendel joins the Dow Jones Sustainability Indices (DJSI) World and Europe

11.03.2020: Q3 trading update

10.19.2020: Tsebo shareholders deliver their shares to the investment arms of the Company's senior creditors in a consensual transaction

10.07.2020: Wendel Group honored at the Grands Prix de la Transparence Labrador 2020

09.02.2020: Stahl successfully completes the amendment and extension of its existing credit facilities

08.18.2020: Information about IHS Towers – IHS Towers Exploring a Potential Registered IPO in the US

07.30.2020: H1 2020 results

07.23.2020: IHS Netherlands Holdco BV and MTN Nigeria Communications PLC announce amended service contract

06.30.2020: Pim Vervaat appointed CEO of Constantia Flexibles

06.05.2020: Wendel proposes a stable dividend of €2.80 at its Annual General Meeting – Solidarity and sponsorship actions reinforced

05.25.2020: Combined General Meeting of July 2, 2020

04.30.2020: 1st quarter trading update and Disposal of the remaining stake in Allied Universal on April 29, 2020

04.17.2020: Procedures for making the 2019 Universal Registration Document available

04.14.2020: 2020 Annual General Meeting

03.18.2020: COVID-19 provisions

03.18.2020: Alexina Portal joins Wendel as Director of Human Resources

03.18.2020: Wendel – 2019 Full-year results

8.3 Information on the share capital

8.3.1 Major shareholders

As of December 31, 2020, the share capital was composed of 44,719,119 shares with a par value of €4 each, benefiting from 67,491,446 theoretical voting rights and 66,590,781 exercisable voting rights. Double voting rights are granted to fully paid-up shares which have been registered in the same shareholder's name for at least two years, regardless of the shareholder's country of citizenship. As of that date, 22,772,327 shares had double voting rights.

To the best of the Company's knowledge, the main shareholders as of December 31, 2020 were as follows:

	% of share capital
Wendel-Participations SE and related parties(1)	39.3%
Institutional investors outside France	33.3%
Individual shareholders	18.8%
Institutional investors in France	4.4%
Treasury shares	2.0%
Employees and members of the Executive Board	0.9%
Other	1.4%

(1) In accordance with Article L. 233-10 of the French Commercial Code, the data include Wendel-Participations SE, its Chairwoman, Priscilla de Moustier and Société Privée d'Investissement Mobiliers (SPIM).

To the best of the Company's knowledge:

- no shareholder, other than Wendel-Participations SE, owns more than 5% of the Company's share capital;
- the members of the Supervisory Board and the Executive Board hold or represent 0.98% of the share capital and 1.23% of the theoretical voting rights (including the Wendel shares held indirectly by the members of the Executive Board *via* the FCPE Wendel mutual fund).

There are no securities or other rights representing liabilities of the Company, convertible bonds, exchangeable bonds and/or bonds redeemable in shares that give or could give access to the capital except for stock options (subscription or purchase) and future performance share plans.

There are no shares that do not represent capital, such as founder shares or voting rights certificates.

8.3.2 Controlling legal entities or individuals

Wendel-Participations SE

Presentation

Wendel-Participations SE is a holding company that holds Wendel shares. Wendel-Participations SE is owned by around 1,200 Wendel family individuals and legal entities. The purpose of Wendel-Participations SE is to:

- invest and manage its own funds and acquire participating interests;
- own (through purchase, subscription at issue, exchange or any other means) and manage any French or foreign listed or unlisted securities, rights to intangible or tangible property, and engage in any type of short-, medium- or long-term capital transactions;
- participate in any guarantee, placement or other syndicates;
- create new companies;
- preserve the assets and other interests of the Wendel family; and
- generally, in France, and in countries outside France, undertake any commercial, industrial, financial, investment or real estate operations directly or indirectly related, in whole or in part, to the above-mentioned activities.

Wendel's control structure

As of December 31, 2020, Wendel-Participations SE (and related parties) had a controlling interest in Wendel with 39.31% of its share capital, 51.72% of its theoretical voting rights, and 52.42% of its exercisable voting rights.

The following measures ensure that control by Wendel-Participations SE over the Company is exercised appropriately:

- management and oversight are separated through a two-tiered structure, including an Executive Board and a Supervisory Board;
- presence of 45% of independent members on the Supervisory Board (excluding members representing employees);
- appointment of a Lead member of the Supervisory Board;
- Chairwomen of the Supervisory Board Committees are independent members of the Board;
- any transaction in excess of €100 million and any decision binding the Company or its subsidiaries over a long period of time are subject to prior authorization by the Supervisory Board.

Economic and financial ties with Wendel

There are no significant economic and financial relationships between Wendel-Participations SE and Wendel other than those related to the holding of the shares (dividends) and the following agreements (described in section 9.1.1 of the Universal Registration Document in the Statutory Auditors' special report):

- a memorandum of understanding on the use of the name "Wendel" as well as a license agreement on the trademark "Wendel", modified by amendments dated October 25, 2013, December 8, 2015, March 21, 2018, February 18, 2020, September 17, 2020 and February 12, 2021;
- an administrative assistance agreement modified by an amendment dated February 12, 2021;
- a lease agreement for premises, modified by an amendment dated February 12, 2021;
- a service agreement under which Wendel provides services to Wendel-Participations SE in the fight against corruption (the so-called "Sapin II" law) and country-by-country tax reporting ("CBCR"), modified by an amendment dated December 1, 2020.

8.3.3 Significant changes in share ownership and voting rights in the last three years

	Situation as of 12/31/2020		Situation as of 12/31/2019		Situation as of 12/31/2018	
	Share capital	**Voting rights**	**Share capital**	**Voting rights**	**Share capital**	**Voting rights**
Wendel-Participations SE[1]	39.3%	52.4%	39.1%	52.2%	37.7%	51.1%
First Eagle	4.5%	3.0%	4.5%	3.0%	4.4%	3%
Treasury shares (registered shares)	1.9%	-	1.9%	-	2%	-
Group Savings Plan	0.7%	0.9%	0.7%	0.9%	0.7%	0.8%
Other shareholders (institutional and individual)	53.7%	43.9%	53.9%	44.0%	55.3%	45.1%
of which individual shareholders	*18.8%*	*20.4%*	*19.3%*	*20.4%*	*19.1%*	*20.6%*
TOTAL SHARES AND EXERCISABLE VOTING RIGHTS	**44,719,119**	**66,590,781**	**44,682,308**	**66,928,737**	**46,280,641**	**68,324,614**

Voting rights are calculated based on the exercisable voting rights as of that date.

(1) In accordance with Article L. 233-10 of the French Commercial Code, the data include Wendel-Participations SE, its Chairwoman, Priscilla de Moustier and Société Privée d'Investissement Mobiliers (SPIM).

In January 2021, a study was performed, as is done every year, to identify the shareholders of Wendel as of December 31, 2020.

There was relatively little change during the year in Wendel's shareholder structure, with a slight decrease in French institutional investors (4.4% *vs.* 4.9% as of December 31, 2019), and a slight decrease in foreign institutional investors (33.3% *vs.* 30.3% as of December 31, 2019). The number of individual shareholders was stable at 22,800, with their stake in the share capital falling to 18.8% from 19.3% the previous year.

8.3.4 Changes in share capital in the last five years

Date of change in capital	Type of transaction	Change in number of shares	Number of shares comprising the capital	Notional amount	Change in share capital (in euros)	Amount of share capital (in euros)	Change in share premiums (in euros)	Amount of share premiums
Situation as of December 31, 2016		**-**	**47,092,379**	**€4**	**-**	**188,369,516**	**-**	**36,254,772**
	Exercises of options	89,275	47,181,654	€4	357,100	188,726,616	10,797,754	47,052,526
	Issue of shares reserved for employees	15,499	47,197,153	€4	61,996	188,788,612	1,599,342	48,651,868
	Cancellation of shares	-943,943	46,253,210	€4	-3,775,772	185,012,840	-	48,651,868
Situation as of December 31, 2017		**-**	**46,253,210**	**€4**	**-**	**185,012,840**	**-**	**48,651,868**
	Exercises of options	7,276	46,260,486	€4	29,104	185,041,944	462,026	49,113,895
	Issue of shares reserved for employees	20,155	46,280,641	€4	80,620	185,122,564	1,826,446	50,940,341
Situation as of December 31, 2018		**-**	**46,280,641**	**€4**	**-**	**185,122,564**	**-**	**50,940,341**
	Exercises of options	20,950	46,301,591	€4	83,800	185,206,364	313,412	51,253,753
	Issue of shares reserved for employees	26,055	46,327,646	€4	104,220	185,310,584	2,017,178	53,270,931
	Cancellation of shares	-1,645,338	44,682,308	€4	-6,581,352	178,729,232	-	53,270,931
Situation as of December 31, 2019		**-**	**44,682,308**	**€4**	**-**	**178,729,232**	**-**	**53,270,931**
	Exercises of options	-	-	-	-	-	-	-
	Share issue reserved for the FCPE Wendel mutual fund	36,811	44,719,119	€4	147,244	178,876,476	2,068,778	55,339,709
	Cancellation of shares	-	-	-	-	-	-	-
Situation as of December 31, 2020		**-**	**44,719,119**	**€4**	**-**	**€178,876,476**	**-**	**€55,339,709**

8.3.5 Ownership threshold disclosures

Since the publication of the 2019 Universal Registration Document, no ownership threshold disclosures have been published by the AMF.

8.3.6 Pledging of issuer's shares

To the best of the Company's knowledge, 63,548 registered Wendel shares (in either pure or administered form) were pledged as collateral as of December 31, 2020.

8.3.7 Financial authorizations

8.3.7.1 Existing financial authorizations and use thereof

As of December 31, 2020, the following financial authorizations were in effect:

Authorization	AGM date (resolution No.)	Period and expiration date	Authorized nominal amount or% of share capital	Amount used as of 12/31/2020
A. Issue of shares or other securities giving access to the capital				
■ With preferential subscription rights	07.02.2020 17th resolution	26 months 09.02.2022	40% of share capital	-
■ By way of a public offering, with waiver of preferential subscription rights	07.02.2020 18th resolution	26 months 09.02.2022	10% of share capital	-
■ By way of a private placement, with waiver of preferential subscription rights	07.02.2020 19th resolution	26 months 09.02.2022	10% of share capital	-
■ Pricing in the event of a public offering or a private placement	07.02.2020 20th resolution	26 months 09.02.2022	-	-
■ Greenshoe option	07.02.2020 21st resolution	26 months 09.02.2022	15% of the initial issue	-
■ As consideration for securities (contributions in kind)	07.02.2020 22nd resolution	26 months 09.02.2022	10% of share capital	-
■ Through a public exchange offer	07.02.2020 23rd resolution	26 months 09.02.2022	10% of share capital	-
■ Capitalization of reserves	07.02.2020 24th resolution	26 months 09.02.2022	50% of share capital	-
■ Overall ceiling authorized	07.02.2020 25th resolution	26 months 09.02.2022	Overall ceiling: 100% of share capital (17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th resolutions) Sub-ceiling: 10% of share capital (18th, 19th, 20th, 21st, 22nd, 23rd resolutions)	-
B. Authorization of share buyback program and share cancellations				
■ Share buybacks	07.02.2020 15th resolution	14 months 09.02.2021	10% of share capital max. price: €250 per share	0.029% of share capital (12,748 shares)
■ Cancellation of shares	07.02.2020 16th resolution	26 months 09.02.2022	10% of share capital per 24-month period	-
C. Employee shareholding				
■ Group Savings Plan	07.02.2020 26th resolution	14 months 09.02.2021	€150,000	€147,244 (36,811 shares)
■ Stock options (subscription and/or purchase)	07.02.2020 27th resolution	14 months 09.02.2021	1% of share capital (common ceiling for options and performance shares)	0.605% of share capital (270,342 options)
■ Free shares	07.02.2020 28th resolution	14 months 09.02.2021	0.5% of share capital (common with the above ceiling)	0.312% of share capital (139,377 shares)

8.3.7.2 Financial authorizations proposed to the Shareholders' Meeting of June 29, 2021

Authorization	AGM date (resolution No.)	Period and expiration date	Authorized nominal amount or% of share capital
A. Authorization of share buyback program			
▪ Share buybacks	06.29.2021 18th resolution	14 months 08.29.2022	10% of the capital max. price: €250 per share
B. Employee shareholding			
▪ Group Savings Plan	06.29.2021 19th resolution	14 months 08.29.2022	€150,000
▪ Stock options (subscription and/or purchase)	06.29.2021 20th resolution	14 months 08.29.2022	1% of share capital (common ceiling for options and performance shares)
▪ Free shares	06.29.2021 21st resolution	14 months 08.29.2022	1% of share capital (common ceiling for options and performance shares)

The resolutions submitted for the approval of the Shareholders' Meeting of June 29, 2021 will cancel and replace, up to the amounts not used at that date, the previous authorizations and delegations having the same purpose.

8.3.8 Share buybacks

8.3.8.1 Legal framework

The Shareholders' Meeting of July 2, 2020 (15th resolution) authorized a program for the Company to buy back its own shares up to a number of shares representing 10% of the number of shares comprising the share capital at the time of said buybacks, for a period of 14 months. The maximum repurchase price under this authorization is €250.

The Executive Board is thus authorized to repurchase the number of shares representing a maximum of 10% of the share capital, which was, at the dates the authorization was granted, 4,468,230 shares.

In accordance with applicable regulations and market practices permitted by the AMF, the objectives of the share buyback program were as follows:

- to enable an investment service provider to make transactions on a secondary market or maintain the liquidity thereof within the framework of a liquidity contract in compliance with market practices approved by the AMF (Autorité des marchés financiers);
- to implement stock purchase option plans as defined in Articles L. 225-177 *et seq.* of the French Commercial Code;
- to allocate bonus shares pursuant to Articles L. 225-197-1 *et seq.* of the French Commercial Code;
- to deliver shares on the occasion of the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date;
- to retain them pending a delivery of shares (as an exchange, payment or other consideration) in the context of acquisitions, mergers, spin-offs or asset contributions, subject to prior authorization by the Supervisory Board;
- to allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code;
- to cancel all or part of the shares thus purchased, subject to the prior authorization of the Supervisory Board, in the context of the authorization of the Shareholders' Meeting.

This program could also allow the Company to pursue any other purpose that has been or may be authorized by legislation or regulations in force, or by any market practice that may be admitted by the AMF, in such a case, the Company would inform its shareholders by means of a press release.

8.3.8.2 Liquidity contract

Under the liquidity contract, between January 1 and December 31, 2020, Oddo BHF:

- purchased on Wendel's behalf 669,757 shares for a total value of €59,146,951.4 and an average unit value of €88.31;
- sold on Wendel's behalf 654,263 shares for a total value of €59,009,808.1 and an average unit value of €90.19.

As of December 31, 2020, the resources appearing in the liquidity account entrusted by the Company to Oddo BHF were as follows:

- 54,974 shares;
- €8,138,831.76.

8.3.8.3 Implementation of stock option and performance share plans

From January 1, 2020 to December 31, 2020:

- Wendel did not acquire any shares allocated to hedge stock options and performance shares;
- 30,043 treasury shares were awarded as part of the exercise of stock options, for a gross value of €1,578,850.63 and an average unit price of €52.55.

8.3.8.4 Delivery of shares in the context of acquisitions, mergers, spin-offs or asset contributions

Between January 1, 2020 and December 31, 2020, Wendel reclassified 34,320 treasury shares - initially allocated to the liquidity contract - to external growth transactions. This reallocation was carried out for a gross value of €4,144,908.14 and an average unit value of €120.77. These shares were not discounted.

8.3.8.5 Cancellation of shares

From January 1, 2020 to December 31, 2020:

- Wendel did not reduce its share capital by canceling shares;
- 6,264 shares were acquired and allocated with a view to a capital reduction (to be carried out subsequently). These shares were acquired for a gross value of €573,159.99 and an average unit value of €91.50.

8.3.8.6 Summary of transactions on shares held by the Company at December 31, 2020

The Company has not repurchased or sold shares for any purposes authorized under the program other than those detailed in section 8.3.8.1 above.

Wendel did not make use of any derivative instruments in the context of this share buyback program.

In the 24 months prior to December 31, 2020, Wendel canceled 1,645,338 shares.

As of December 31, 2020, the Company held 900,665 of its own treasury shares, or 2.01% of the capital.

Summary of the Company's transactions on its own shares from January 1 to December 31, 2020

	Cumulative gross amounts in 2020	
	Purchases	**Sales/Transfers**
Number of shares	676,021	684,306
Average maximum maturity	-	-
Average transaction price	€81.33	€88.54
Average exercise price	-	-
AMOUNTS	**€59,720,111.39**	**€60,588,658.73**

Open positions as of December 31, 2020

		Open long positions			Open short positions
Calls purchased	Puts issued	Forward purchases	Calls issued	Puts purchased	Forward sales
-	-	-	-	-	-
-	-	-	-	-	-

8.3.8.7 Description of the share buyback program submitted for approval to the Shareholders' Meeting of June 29, 2021

The 18th resolution to be proposed at the June 29, 2021 Shareholders' Meeting asks shareholders to approve a new share buyback program in accordance with Article L. 22-10-62 of the French Commercial Code, Title IV of Book II of the AMF General Regulations, European Regulation No. 596/2014 of the European Parliament and of the Council on market abuse and Commission Delegated Regulation (EU) 2016/1052 of March 8, 2016 on conditions applicable to buyback programs and stabilization measures.

Under this program, shares can be bought for any of the following purposes:

- to enable an investment service provider to make transactions on a secondary market or maintain the liquidity thereof within the framework of a liquidity contract in compliance with the AMF;
- to implement stock purchase option plans as defined in Articles L. 22-10-56 *et seq.* of the French Commercial Code;
- to allocate bonus shares pursuant to Articles L. 22-10-59 *et seq.* of the French Commercial Code;
- to deliver shares on the occasion of the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date;
- to retain them pending a delivery of shares (as an exchange, payment or other consideration) in the context of external growth, mergers, spin-offs or asset contributions, subject to prior authorization by the Supervisory Board;
- to allocate or sell shares as part of the Group's profit sharing program and any Group Savings Plan as provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code;
- to cancel all or part of the shares thus purchased, subject to the prior authorization of the Supervisory Board, in the context of the authorization of the Shareholders' Meeting;
- the purpose of this program would also be to enable the Company to operate for any other purpose that is authorized or that may be authorized by the laws and regulations in force or by any market practice that may be admitted by the AMF. In such an event, the Company would inform shareholders via a press release.

The number of shares repurchased under the authorization to be granted to the Executive Board may not exceed 10% of the share capital at the time of the buyback. For informational purposes, as of December 31, 2020, this authorization represented 4,471,911 shares, or a maximum theoretical investment of €1,117,977,750 based on the maximum buyback price of €250 per share (excluding trading fees).

Pursuant to Article L. 225-210 of the French Commercial Code, the Company has made a commitment to keep its holding, both direct and indirect, within the limit of 10% of share capital. As of December 31, 2020, the number of Wendel shares held by the Company was 900,665. In light of the shares already held in treasury, the Company would be able to repurchase 3,571,246 shares, or 7.99% of the share capital, for a maximum amount of €892,811,500, based on the maximum unit purchase price of €250. The Company reserves the right to pursue the program to the full extent of its authorization.

The share buyback authorization will be valid for a period of 14 months from the June 29, 2021 Shareholders' Meeting, *i.e.* until August 29, 2022.

8.3.9 Transactions on Company securities by corporate officers

Summary of transactions on Company shares, pursuant to Article L. 621-18-2 of the French Monetary and Financial Code, carried out by persons with executive responsibilities(1) during 2020.

Name and function	Type of financial instrument	Type of transaction	Number of shares
André François-Poncet, Chairman of the Executive Board	Wendel mutual fund (FCPE) shares	Subscription	30,100
	Shares	Purchase	2,000
	Shares	Transfer of Wendel shares held under the Group employee savings plan (PEG) to the mutual fund (FCPE)	8,092
David Darmon, member of the Executive Board	Options	Exercise	18,000
	Shares	Sale	17,500
	Wendel mutual fund (FCPE) shares	Subscription	6,472.4
	Shares	Purchase	10
	Shares	Transfer of Wendel shares held under the Group employee savings plan (PEG), in the mutual fund (FCPE)	12,031
Sophie Tomasi Parise, member of the Supervisory Board representing employees	Wendel mutual fund (FCPE) shares	Subscription	2,824.2
	Shares	Sale	957
Thomas de Villeneuve, member of the Supervisory Board	Shares	Purchase	500
Wendel-Participations SE, a company linked to Priscilla de Moustier, member of the Supervisory Board	Shares	Contribution in kind to Wendel-Participations SE	126,619
Copesa SA, a company linked to Edouard de l'Espée, member of the Supervisory Board	Shares	Contribution in kind to Wendel-Participations SE	7,557

(1) Including transactions carried out by persons closely related to them within the meaning of European Regulation No. 596/2014 on market abuse.

8.3.10 Shareholders' agreements

8.3.10.1 Commitments relating to Wendel's share capital

The Company was informed of the conclusion between Wendel-Participations SE, Société d'Investissement Privée Mobiliers (SPIM) and certain individual shareholders of two-year lock-up agreements entered into pursuant to Article 787 B of the French General Tax Code. These commitments, dated December 20, 2018, December 12, 2019 and December 7, 2020 respectively for 35.84%, 35.39% and 36.14% of the share capital at these different dates, were ongoing as at December 31, 2020.

In addition to a commitment to hold shares for a certain amount of time, these commitments also grant a right of first refusal to Wendel-Participations SE and SPIM. The shareholders involved in these obligations are not considered to be acting in concert.

As required by Articles 787 B of the French General Tax Code and L. 233-11 of the French Commercial Code, these agreements have been reported to the AMF.

Other retention obligations relating to Wendel shares are listed in section 2.1.8.1, paragraph "Restriction on the sale of Wendel shares by Supervisory and Executive Board members".

8.3.10.2 Shareholders' agreements and governance agreements entered into by the Wendel Group: unlisted companies

As of December 31, 2020, the Wendel Group was party to a number of agreements governing its relationships with its co-investors, whether co-investors in its unlisted subsidiaries or holdings (Constantia Flexibles, Crisis Prevention Institute, Cromology, IHS, and Stahl) or managers (or former managers) of subsidiaries, relating to mechanisms aimed at aligning their interests with their respective companies' performance (Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl).

These agreements contain various clauses related to:

- corporate governance (composition of governing bodies, veto rights on certain strategic decisions and rights to information);
- terms of share transfers (lock-up periods, pre-emptive rights and rights of first refusal, ban on selling to certain individuals);
- anti-dilution rules in the event of transactions involving the share capital;
- exit terms in the event of a sale (tag-along and drag-along rights) or IPO; and
- non-competition and priority commitments involving acquisition opportunities.

The Constantia Flexibles and Stahl shareholder agreements also contain the following terms:

- for Constantia Flexibles, the H. Turnauer Foundation, from the founding family of Constantia Flexibles, has the option to request, between 2020 and 2023, that an IPO or a share buyback process by refinancing of the Group be launched, aiming at ensuring the priority liquidity of its stake. In the absence of liquidity at the end of this process, the Wendel Group granted the H. Turnauer Foundation a put option at market value on half of its initial investment, payable in two tranches in cash or in Wendel shares, at the Wendel Group's discretion. As of December 31, 2020, this right was not exercised by the H. Turnauer Foundation. This commitment was recognized in financial liabilities in accordance with accounting principles applicable to minority puts; and
- for Stahl, BASF, a minority shareholder, benefits from liquidity commitments granted by Stahl and counter-guaranteed by the Wendel Group in an amount determined on the basis of a predefined margin multiple. This commitment has been recognized in financial liabilities in accordance with accounting principles applicable to minority puts.

The agreements with the management teams (managers or former managers) of subsidiaries (Constantia Flexibles, Crisis Prevention Institute, Cromology and Stahl) also contain provisions relative to:

- the right to liquidate their co-investment in successive tranches, in the absence of a sale or IPO beyond a certain period of time (between the 6th and 12th anniversaries of the completion of the co-investment, depending on the relevant agreement); and/or
- the handling of executive departures (commitment to sell shares in the event of the departure of an executive from a subsidiary and/or commitment to buy shares in certain specific cases).

Co-investment terms for senior managers in the subsidiary companies are described in greater detail in note 5-2 to the 2020 consolidated financial statements relating to the "Participation of subsidiaries' managers in the performance of their companies".

As part of the liquidity commitments under these agreements, in the absence of a liquidity event (divestment or IPO) before certain predetermined dates, the Wendel Group (depending on the situation, Wendel's holdings or the investments themselves) can be required to buy back or guarantee the buyback of the shares held by subsidiary managers (or former managers) in Constantia Flexibles, Crisis Prevention Institute, Cromology, Stahl and Tsebo. The value applied to these liquidity commitments is the market value determined by the parties or an independent appraiser.

Liquidity mechanisms will also be provided to Wendel managers with exposure, in connection with co-investment mechanisms, to Constantia Flexibles, Crisis Prevention Institute and IHS (see note 5-1 "Participation of Wendel's managers in Group investments" to the 2020 consolidated financial statements).

As of December 31, 2020, based on the value of the investments included in the Net Asset Value or, where appropriate, on the basis of the price formulas or appraisals provided for in these agreements, the value of the portion of the *pari passu* investments made under the same risk and return conditions as Wendel by all the co-investing managers of investments or Wendel benefiting from liquidity rights granted by the fully consolidated companies was €30 million. The value of the portion of non pari-passu investments of co-investing managers of subsidiaries and managers of Wendel was €145 million. These amounts do not include any unpaid amounts owing to the co-investors on the investments sold.

In accordance with Group accounting principles, a portion of these amounts is recognized as a liability of €31 million. The accounting principles applicable to co-investments are described in Note 1-8.19 "Accounting treatment of mechanisms for the participation of management teams in the Group's investments".

With regard to non-controlling interests granted to joint shareholders, an overall amount of €255.8 million is recognized in financial liabilities for put granted by Wendel and its holdings to the H. Turnauer Foundation on its stake in Constantia Flexibles, as well as the put granted by Stahl to BASF.

Co-investment and liquidity commitment values vary with the value of each investment. As a result, they may be lower (or nil) or higher in future fiscal years.

8.3.10.3 Shareholder agreements and governance agreements entered into by the Wendel Group: listed companies

None.

8.3.11 Factors likely to have an impact in the event of a takeover bid

Pursuant to Article L. 22-10-11 of the French Commercial Code, to the best of the Company's knowledge, the items that might have an impact in the event of a takeover bid are as follows:

- as of December 31, 2020, Wendel-Participations SE (and related parties) held 39.31% of the share capital, 51.72% of the theoretical voting rights and 52.42% of the exercisable voting rights of Wendel SE;
- a public offer must be filed for the listed subsidiary of a target issuer pursuant to Article L. 433-3, III of the French Monetary and Financial Code; as of December 31, 2020, Wendel held 35.56% of the share capital and 51.33% of the theoretical voting rights of Bureau Veritas, which is listed on Euronext Paris and constitutes one of its key assets;
- agreements authorizing the Company and its international locations to use the last name "Wendel" and the "Wendel" trademark: these agreements contain a termination clause in the event that Wendel-Participations SE's interest in the Company falls below 33.34% of the share capital for one hundred twenty consecutive days (see section 9.1.1, "Statutory Auditor's special report on related-party agreements and commitments with related third parties");
- the granting of double voting rights to fully paid-up shares that have been registered with the Company for at least two years in the name of the same shareholder (see section 8.4.4.3 "Voting rights and acquisition of double voting rights");
- change-of-control clauses in bond indentures and certain loan agreements of Wendel and its subsidiaries (see "Managing liquidity risk" in note 6-2 to the consolidated financial statements (section 6.7 of the Universal Registration Document));
- right of first refusal: the share-retention commitments of certain shareholders grant a right of first refusal to Wendel-Participations SE or SPIM (see section 8.3.10 "Shareholders' agreements" above);
- appointment of members of the Executive Board: members of the Executive Board are appointed by the Supervisory Board, of which 45% are independent members and 55% are members of the Wendel family (excluding members representing the employees);
- changes to the by-laws: prior authorization from the Supervisory Board required to amend the by-laws;
- statutory ownership threshold disclosures: threshold crossings must be declared every 2% of share capital and voting rights held.

8.4 Information on the Company and principal by-laws

8.4.1 General information

Company name

Wendel

Registered office

89, rue Taitbout, 75009 Paris – France

Telephone: +33 1 42 85 30 00; fax: +33 1 42 80 68 67

Website: www.wendelgroup.com

Please note that the information on the website is not part of this Universal Registration Document.

Official registration

The Company is registered in the Paris Company Register (Registre du commerce et des sociétés) under number 572 174 035; its APE Code is 7010Z.

Date founded and duration

The Company was formed on December 4, 1871 for a period of 99 years, subsequently extended to July 1, 2064, barring a new extension or early dissolution.

LEI Code (legal entity identifier)

969500M98ZMIZYJD5O34

Legal structure and applicable legislation

Wendel is a European company with an Executive Board and a Supervisory Board since July 2015, pursuant to a decision of the Shareholders' Meeting of June 5, 2015. It is governed by European and French legislative and regulatory provisions that are or will be in force.

Fiscal year

The fiscal year runs for 12 months, beginning on January 1 of each year.

Access to legal documents and regulated information

Legal documents relating to the Company may be viewed at the registered office. Ongoing and periodic regulated information may be viewed on the Company's website, at www.wendelgroup.com, under the heading "Regulated information".

8.4.2 Principal by-laws provisions

Wendel's by-laws may be viewed on the Company's website, at www.wendelgroup.com, under the heading "Regulated information".

8.4.2.1 Purpose of the Company

Pursuant to Article 3 of the by-laws, the Company has the following purpose, in all countries, directly or indirectly:

- equity holdings in industrial, commercial and financial companies of any nature through the creation of new companies, transfers of subscriptions or purchases of shares or ownership rights, mergers, alliances, partnerships or otherwise; any disposals, exchanges or other operations concerning these shares, ownership rights or equity interests;
- the purchase, rental and operation of any equipment;
- the acquisition, sale and commercial use of any processes, patents, or patent licenses;
- the acquisition, operation, sale or exchange of any real estate or real estate rights;
- and generally, any commercial, industrial, financial, investment and real estate operations directly or indirectly related to the above-mentioned activities or to all similar or connected activities.

8.4.2.2 Appropriation of net income

Article 27 of the by-laws provides for the following:

I. at least 5% of net income for each year, less any losses carried forward from prior years, is credited to the legal reserve until such time as the legal reserve represents one-tenth of share capital, as well as any amount credited to reserves pursuant to applicable legislation.

   Distributable earnings include net income for the year plus any unappropriated retained earnings carried forward from prior years.

   Of this amount, shareholders may decide in their Shareholders' Meeting to deduct, on the recommendation of the Executive Board:

   - the amounts they consider should be allocated to any special reserve account,
   - the sum required to serve a revenue on shares based on the amount of paid-up, non-repaid capital within the limit of 5% per year,
   - the amounts they consider should be allocated to the general reserve or to share capital repayment;

II. any remaining balance is distributed to shareholders, less the sum allocated to retained earnings;

III. on the condition that all earnings available for distribution have been allocated in the form of dividends and on the recommendation of the Executive Board, shareholders at their Ordinary General Meeting may allocate any amounts transferred from the share premium account;

IV. as an exception to the provisions of the present article, funds may be allocated to the special employee profit-sharing reserve under the terms and conditions set by law;

V. dividends are paid in the form and at the times determined by shareholders at their Ordinary General Meeting or by the Executive Board with the authorization of shareholders at their Ordinary General Meeting in accordance with applicable legislation. The Executive Board may decide to distribute an interim dividend before the approval of the financial statements for the year in accordance with applicable legislation.

   On the recommendations of the Executive Board, the shareholders, convened in their Shareholders' Meeting to approve the year's financial statements, may offer each shareholder the choice to receive payment of all or a part of the distributed dividend (or interim dividend) in cash or in shares, under the terms and conditions defined by applicable legislation;

VI. the shareholders at their Ordinary General Meeting may also decide to distribute earnings, reserves or share premium amounts in kind, in particular by distributing marketable securities from among the assets on the balance-sheet of the Company, with or without a cash option. The Shareholders' Meeting may decide that the rights comprising fractional shares will not be negotiable or transferable, notwithstanding the provisions of Article 11. III of the by-laws. In the event marketable securities are distributed from among the assets on the balance-sheet of the Company, the shareholders may decide that, if the amount of the dividend does not correspond to a whole number of securities, the shareholder will receive the whole number of securities immediately below plus a cash payment for the balance.

In accordance with current legislation, dividends not claimed within five years from the date on which they were to be paid are forfeited and the amounts paid over to the State.

8.4.2.3 Provisions of the by-laws applicable to members of the Executive Board

See section 2.1.5 "The Executive Board and its operations".

8.4.2.4 Provisions of the by-laws applicable to members of the Supervisory Board

See section 2.1.1 "The Supervisory Board and its operations".

8.4.2.5 Ownership thresholds that must be reported to the Company

In accordance with Article L. 233-7 of the French Commercial Code and Article 28 of the by-laws, any individual or corporate shareholder, acting alone or in concert with other shareholders, who comes to own a number of shares or voting rights representing more than 2% of the share capital or voting rights, or any multiple thereof, is required to so inform the Company within four trading days of crossing this threshold.

The same disclosure requirements apply when the number of shares or voting rights held is reduced to below the 2% threshold or any multiple thereof.

Failure to comply with the above requirements is sanctioned, as prescribed by law, by the deprivation of voting rights for those shares exceeding the fraction that should have been disclosed, for all Shareholders' Meetings held within two years of the date on which the failure to give proper notice to the Company was rectified. This sanction is applicable at the request (recorded in the minutes of the Shareholders' Meeting) of one or more shareholders holding at least 2% of the number of shares or voting rights.

8.4.3 Principal new investments and acquisitions of controlling interests

Wendel's investment activities generate a certain turnover in its portfolio. Over the past three years, its principal investments and divestments have been as follows:

In 2018: sale of CSP Technologies to AptarGroup, Inc. for net proceeds of $342 million in August 2018, sale of Mecatherm to Unigrains for net proceeds of €84 million in September 2018, sale of Saham Group for net proceeds of $155 million in October 2018, reinvestment of $78 million in Allied Universal for the acquisition of US Security Associates in October 2018, sale of 4.73% of the share capital of Bureau Veritas for an amount of approximately €400 million in October 2018, sale of Nippon Oil Pump to CITIC Capital Japan Partners III, LP for net proceeds of approximately €85 million in November 2018. In December 2018, Wendel announced the acquisition of 4.8% of Stahl share capital from Clariant for €50 million.

In 2019: since January sale of the majority of Saint-Gobain shares for a total amount of €468 million; in January 2019, sale of Wendel's stake in PlaYce to CFAO for a net profit of €32.2 million in February 2019; reinvestment of €125 million in Cromology when its debt was renegotiated in May 2019; sale of 79% of Wendel's interest in Allied Universal for a net profit of $721 million in December 2019; capital injection in Tsebo amounting to $17.7 million to strengthen its financial structure; acquisition of Crisis Prevention Institute for an equity investment of $569 million in December 2019.

In 2020: sale of the balance of Wendel's stake in Allied Universal for additional income from the sale of approximately $196 million (before price adjustment) in April 2020 and delivery by Wendel and the shareholders of Tsebo of their shares to the investment units of the Company's senior creditors as part of a consensual transaction completed in December 2020.

The Company's 2020 activities are detailed in Chapter 1 and in the changes in consolidation scope detailed in the notes to the consolidated financial statements presented in Chapter 6.

Press releases on Wendel's transactions are posted on its website, at www.wendelgroup.com, under the heading "Regulated information".

As of the date of the Universal Registration Document, no other investment plans are sufficiently far advanced for Wendel's management to have made any firm commitments.

8.4.4 How to take part in the Shareholders' Meeting

All shareholders have the right to participate in Shareholders' Meetings under the conditions set down by the law.

8.4.4.1 Invitation to attend Shareholders' Meetings

Article 25 I of the by-laws provides for the following:

Shareholders' Meetings are convened and held as prescribed by European regulations and French laws in force that are applicable to a European company.

They are held at the Company's registered office, or at another location, as indicated in the invitation to the meeting.

8.4.4.2 Participation in Shareholders' Meetings

Article 25 II and III of the by-laws also foresees the following:

Any shareholder whose shares are registered in an account in the manner and at the date set by the applicable legal and regulatory provisions may participate in the Shareholders' Meetings on proof of his or her qualification and identity.

All shareholders meeting the required conditions have the right to participate in Shareholders' Meetings personally or by proxy, or to vote by mail. Voting forms are not counted unless they are received at the address indicated in the notice of meeting no later than the third business day preceding the date of the meeting, notwithstanding any earlier deadline set by the Executive Board.

In accordance with applicable law, the Executive Board may organize shareholder participation and voting *via* videoconferencing or other telecommunication systems that enable shareholder identification, including electronic systems. Shareholders who participate in Shareholders' Meetings through videoconferencing or such other system are deemed present for the purposes of calculating the quorum and the majority.

Any proxies or votes submitted using an electronic method prior to the Shareholders' Meeting, as well as the corresponding acknowledgements of receipt, are considered to be irrevocable and enforceable, it being specified that in the event of the sale of shares prior to the date and time set by legal and regulatory provisions in force, the Company shall accordingly invalidate or amend, as applicable, the proxies or votes cast prior to that date and that time.

Moreover, in accordance with the provisions of Article R 22-10-28 of the French Commercial Code, the right to participate in the Company's Shareholders' Meetings is justified by the registration of shares in the name of the shareholder or of the intermediary registered on his or her behalf on the second business day preceding the meeting, at midnight, Paris time:

- for holders of registered shares: in the registered securities accounts held by the Company;
- for holders of bearer shares: in the bearer securities accounts of the authorized financial intermediary pursuant to the regulations in force.

8.4.4.3 Voting rights and acquisition of double voting rights

Article 25 IV of the by-laws provides that the voting rights attached to the shares are proportional to the capital they represent; however, a double voting right is allocated to fully paid-up shares for which it has been proven that they have been registered in the name of the same shareholder for at least two years.

Article L. 225-123 of the French Commercial Code provides that in the event of a capital increase through the capitalization of reserves, profits or issue premiums, double voting rights may be conferred, upon their issue, to the registered shares allocated free of charge to a shareholder in respect of old shares for which he or she has this right.

Article L. 225-124 of the French Commercial Code specifies that any share converted to bearer form or transferred into ownership loses its double voting rights; nevertheless, the transfer as a result of inheritance, liquidation of common property between spouses or inter vivos donation to a spouse or relative in the inheritance line does not lose the acquired right and does not interrupt the periods referred to above. The same terms apply in the event of a transfer resulting from the merger or demerger of a corporate shareholder.

Identifiable bearer shares

Article 9 of the by-laws allows shares to be held in registered or bearer form at the shareholder's discretion.

The Company has the right to request identification of the holders of shares carrying current or future voting rights at its Shareholders' Meetings and the number of shares so held, in accordance with legislation in force.

The conversion of registered shares into bearer shares, and vice versa, shall take place in accordance with the legislation in force.

Modification of shareholder rights

In the absence of specific provisions in the by-laws, any change in the rights attached to shares is subject to legislation in force.

9

SHAREHOLDERS' MEETING OF JUNE 29, 2021

9.1 Statutory Auditors' reports

9.1.1 Statutory Auditors' report on regulated related-party agreements

This is a translation into English of a report issued in French 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.

(Annual General Meeting held to approve the financial statements for the year ended December 31, 2020)

To the Annual General Meeting of Wendel,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-58 of the French Commercial Code *(Code de commerce)*, to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-58 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended December 31 2020, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des Commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements submitted for approval to the Annual General Meeting

Agreements authorized and concluded during the year ended December 31 2020

In accordance with Article L. 225-88 of the French Commercial Code *(Code de commerce)*, we have been notified of the following related party agreements which received prior authorization from your Supervisory Board.

With Wendel-Participations SE

Persons concerned:

- Wendel-Participations SE, a shareholder with more than 10% of the voting rights;
- Mr. Nicolas ver Hulst (Director), Ms. Bénédicte Coste (Director), Mr. Edouard de l'Espée (non-voting director), Ms. Priscilla de Moustier (CEO), Mr François de Wendel (non-voting director and member of the Supervisory Board of Wendel until July 2, 2020), Mr. Thomas de Villeneuve (Director and member of the Supervisory Board of Wendel since July 2, 2020), Mr. Humbert de Wendel (Director) of Wendel-Participations SE, and also members of the Supervisory Board of Wendel.

1) Agreements on the use of the "Wendel" trademark

By way of two agreements dated May 15, 2020, SLPS, SOGEVAL, and Wendel-Participations authorized Wendel to use the Wendel family name as its corporate and commercial name, and granted it an exclusive license to use the trademark "WENDEL Investissement".

These agreements were entered into without consideration and for an indefinite period, with the stipulation that they may be revoked if the direct or indirect interest of the family companies in the capital of Wendel remains less than 33.34% for 120 consecutive days. If this right of revocation is not exercised within 60 days after the expiration of the said 120-day period, the right to use the name and the exclusive license to use the trademark will become final and irrevocable.

The trademark license agreement dated May 15, 2002 was amended by amendments dated October 25, 2013, December 8, 2015, March 21, 2018 and February 18, 2020 in order to define the rules for the use of the Wendel trademark abroad.

In 2020, Wendel set up a company mutual fund (FCPE - *Fonds Commun de Placement d'Entreprise*), approved by the French Financial Markets Authority, to hold Wendel shares subscribed or acquired within the framework of the employee savings program applicable to Wendel. On September 17, 2020, Wendel-Participations SE, the owner of the Wendel trademark, and Wendel entered into an amendment to the trademark license agreement in order to authorize the use of the Wendel trademark by the Wendel FCPE, which is named "FCPE Wendel".

At its meeting on July 30, 2020, the Supervisory Board authorized the conclusion of the aforementioned amendment and noted the advantage of being able to name the FCPE using the name of the underlying securities held, according to common practice.

2) Agreement on the provision of country-by-country reporting (CbCR) and anti-corruption (Sapin 2 Law) services

Wendel and Wendel-Participations SE signed a services agreement on December 18, 2017 whereby Wendel provides Wendel-Participations SE with country-by-country reporting (CbCR) and anti-corruption (Sapin 2 Law) services.

By way of an amendment entered into on December 1, 2020, Wendel and Wendel-Participations SE decided to modify, with effect as from January 1, 2020, certain provisions of the agreement aiming to reduce the scope of the services provided and consequently decrease the annual remuneration, reduced to €15,000 before tax (amounted to €35,000 before tax in respect of FY 2019).

At its meeting on November 3, 2020, the Supervisory Board authorized the conclusion of the aforementioned amendment and noted the advantage of adapting the agreement to the services provided.

Agreements authorized and concluded since the year-end

We have been informed of the following agreements authorized and concluded since the year-end, previously authorized by your Supervisory Board.

With Wendel-Participations SE

Persons concerned:

- Wendel-Participations SE, a shareholder with more than 10% of the voting rights;
- Mr. Nicolas ver Hulst (Director), Ms. Bénédicte Coste (Director), Mr. Edouard de l'Espée (non-voting director), Ms. Priscilla de Moustier (CEO), Mr François de Wendel (non-voting director and member of the Supervisory Board of Wendel until July 2, 2020), Mr. Thomas de Villeneuve (Director and member of the Supervisory Board of Wendel since July 2, 2020), Mr. Humbert de Wendel (Director) of Wendel-Participations SE, and also members of the Supervisory Board of Wendel.

1) Agreements on the use of the "Wendel" trademark and amendment to the trademark license agreement

Wendel decided to set up an endowment fund (*fonds de dotation*) for the purpose of supporting and developing activities in the public interest in cultural, educational, social and humanitarian fields. On February 12, 2021, Wendel-Participations SE, owner of the Wendel trademark, and Wendel entered into an amendment to their trademark license agreement allowing the use of the Wendel trademark by the endowment fund, which is named the "Fonds de dotation Wendel SE".

At its meeting on January 29, 2021, the Supervisory Board authorized the conclusion of the aforementioned amendment and noted the advantage of being able to use the Wendel trademark in the name of the endowment fund free of charge.

2) Service agreement for administrative assistance

Wendel provides consulting and assistance services to Wendel-Participations SE within the framework of an agreement entered into on September 2, 2003.

By way of an amendment entered into on February 12, 2021, Wendel and Wendel-Participations SE decided to modify, with effect as from January 1, 2021, certain provisions of the agreement aiming to (i) update and expand the scope of the services provided and (ii) consequently, increase the remuneration to €23,000 before tax. The services provided concern the following areas: human resources, accounting, IT and support services.

At its meeting January 29, 2021, the Supervisory Board authorized the conclusion of the aforementioned amendment and noted the advantage of updating the services provided and adapting the amount of remuneration relating thereto.

3) Agreement to rent premises

Wendel makes available to Wendel-Participations SE premises for office use in a building located at 89 rue Taitbout, 75009 Paris, within the framework of the rental agreement entered into on September 2, 2003.

By way of an amendment entered into on February 12, 2021, Wendel and Wendel-Participations SE decided to modify, with effect as from January 1, 2021, certain provisions of the rental agreement aiming to (i) reduce the surface area of the premises leased and (ii) increase the amount of the annual occupancy fee to €80,000 (rental charges included, before tax).

At its meeting on January 29, 2021, the Supervisory Board authorized the conclusion of the aforementioned amendment and noted the advantage of these adjustments, which take into account current price in the rental market in the district.

With Mr. André François-Poncet and Mr. David Darmon, members of the Executive Board, and with Ms. Sophie Tomasi Parise and Ms. Harper Mates, members of the Supervisory Board representing employees

Principles of the 2021-2025 co-investments

Upon renewal of the Executive Board for a further four-year term of office, the Supervisory Board defined a new co-investment program for investments made in new companies between April 2021 and April 2025 (and for later re-investments made by the Wendel group in these companies). This program applies to André François-Poncet and David Darmon, members of the Executive Board, and to Sophie Tomasi Parise and Harper Mates, members of the Supervisory Board representing employees.

It is governed by the following principles:

i) the amount of the co-investment, *i.e.* the disbursements made by the co-investors from their own funds, stands at 0.6% of the amount invested by the Wendel Group and the managers;

ii) if a liquidity event (as defined in v hereof) occurs affecting one of the companies initially acquired during the period, the co-investors are entitled to the repayment of their contributions *pari passu* with Wendel and (a) if the minimum return is reached, to the share of the capital gain referred to in iii) or iv) herebelow or (b) if that return is not achieved, their share of any capital gain *pari passu* with Wendel;

iii) if a liquidity event (as defined in v hereof) occurs affecting one of the companies initially acquired during the period, 50% of the co-invested amount gives entitlement to 5% of any capital gain realized (*carried deal by deal*), on condition that that annual return on the investment is at least 8% until the fifth anniversary of the initial investment; past five years, the annual return is decreased by 0.75% per year for the next five years and then remains constant. In the event of an annual return greater than 15%, the capital gain rate is raised from 5% to 6%;

iv) if a liquidity event (as defined in v) hereof) occurs affecting the last company initially acquired during the period, 50% of the overall co-invested amount gives entitlement to 5% of any capital gain calculated on all of the companies initially acquired during the period (pooled carried interest), on condition that the annual return calculated on all of these investments is at least 7% until the fifth anniversary of the initial investment in the program; past five years, the annual return is decreased by 0.75% per year for the next four years and then remains constant. In the event of an overall annual return greater than 15%, the capital gain rate is raised from 5% to 6%;

v) a liquidity event is defined as (a) a change in control, or divestment of more than 50% of the shares held by the Wendel Group of a company in the portfolio, giving rise to full liquidity on the basis of the transaction price, or (b) the IPO of the company, which gives entitlement to liquidity proportional to the investment sold on the basis of the IPO price. Exceptionally, for the deal-by-deal portion of the co-investment, co-investors may opt for full liquidity;

vi) in the absence of a full liquidity event, liquidity for the remaining investment will be granted to co-investors in three, one-third tranches, at December 31, 2028, 2030 and 2032; this liquidity may be deferred from one tranche to another within certain limits; the valuation is calculated at each due date (a) if the issuer is listed, on the basis of the average market price of its securities and (b) if the issuer is not listed, on the basis of an independent expert appraisal;

vii) as the co-investors freely agreed to participate in the 2021-2024 co-investment program for a certain proportion of total co-investments, they are required to invest at this level in all of the investments of the period with respect to the pooled portion; failing which, the co-investor concerned may lose all of his/her rights to the pooled capital gain for the non-invested portion and 20% of his/her previous investment, except for cases of force majeure where the co-investor will simply be diluted;

viii) co-investors who have met their commitment to co-invest in the pooled portion may invest the same amount on a deal-by-deal basis, without obligation;

ix) the rights of co-investors vest gradually over a minimum period of five years, in five tranches of 20% *per annum, i.e.* 20% on each anniversary of the investment; it being specified that for (a) the pooled carried interest rights, the term is calculated from the first investment of the period and that (b) the term is extended by one year if the co-investor leaves Wendel for a competitor company.

The Executive Board's share of the investment was revised upward upon renewal of the term of the Executive Board, in accordance with a benchmark study performed by an external consultant. It is now 16%, *i.e.* 8% for each Executive Board member. The breakdown of the Executive Board's co-investment has also evolved and is now evenly divided between deal-by-deal and pooled.

At its meeting on March 17, 2021, the Supervisory Board authorized the implementation of this new co-investment program, which also applies to members of the Executive Board. The Board noted the advantage to the Company of:

- promoting, through this program, the achievement of the strategic plan and new investments by Wendel's managers;
- attracting and retaining the talents needed to face competition from risk-capital funds.

Agreements previously approved by the Annual General Meeting

Agreements approved in prior years, the execution of which continued during the past year

In accordance with Article R. 225-57 of the French Commercial Code *(Code de commerce)*, we have been notified that the implementation of the following agreements, which were approved by the Annual General Meeting in prior years, continued during the year ended December 31, 2020.

1) Co-investments by members of the Executive Board

a) Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel in 2011 and in April 2013 (and to later re-investments made by Wendel in these companies)

Person concerned: David Darmon, member of the Executive Board

For acquisitions carried out by Wendel in 2011 and 2012, the members of the Wendel management team, including Mr. David Darmon, invested personally alongside the Wendel Group in Oranje-Nassau Développement SA SICAR, which held the Group's investments in the unlisted company IHS in 2020.

The general principles applicable to these co-investments are as follows:

i) the co-investors invest alongside the Group, at Wendel's request, a maximum overall amount of 0.5% of the total amounts invested by Wendel;

ii) 30% of the amount invested by the management teams is invested under the same conditions as Wendel *(pari passu* co-investment);

iii) the remaining 70%, *i.e.*, a co-investment of 0.35% of the total invested by Wendel, gives entitlement, in the case of events defined in paragraphs (v) and (vi) below, to 7% of the capital gain (leveraged co-investment), on condition that Wendel has obtained a minimum annual return of 7% and a cumulative return of 40% on its investment; failing this, the co-investors will lose the 70% invested;

iv) the rights to leveraged co-investment benefits are vested gradually over a period of four years in five 20% tranches (20% at the investment date, then 20% at each anniversary);

v) the potential capital gain is realized in the event of total divestment, change of control, sale of over 50% of the shares owned by the Group or the stock market flotation of the company concerned; depending on the situation, the liquidity granted to the co-investors may be total or in proportion to the shareholding transferred;

vi) at the end of an eight-year period as from the initial investment by the Group and failing any total divestment or stock market flotation, the potential capital gain is also realized on one-third of the amounts invested by the co-investors; the same holds true after ten years, then twelve years, if no total divestment or stock market flotation has taken place in the meanwhile; in these cases, the co-investment is valued at the end of each period by an internationally-recognized independent expert.

In the event of the departure of a member of the management team:

- the person concerned has undertaken to sell to your Group:
  - his or her unvested shares in Oranje-Nassau Développement SA SICAR at their original value, regardless of the reasons for his/her departure from the Group, and

- his or her vested shares in Oranje-Nassau Développement SA SICAR, at their market value in the event of gross misconduct resulting in dismissal or removal from office or non-renewal of office; for €1 with an earn-out at market value in the case of a liquidity event when the departure is due to dismissal or removal from office for serious misconduct; and at their original value or the market value, whichever is higher, in the event of death;

- the Group has undertaken to purchase from the person concerned:
  - his or her unvested shares in Oranje-Nassau Développement SA SICAR at their original value in the event of his/her dismissal, removal from office or non-renewal of term (except in the event of gross/serious misconduct), or in the event of death, and
  - his or her vested shares in Oranje-Nassau Développement SA SICAR at their market value in the event of his/her dismissal, removal from office or non-renewal of term (except in the event of gross/serious misconduct), and at the higher of the original value or the market value in the event of death.

The principles applicable to co-investments relating to acquisitions made by Wendel between 2011 and April 2013 (as well as to subsequent re-investments made in these companies) remain unchanged.

In accordance with these principles, Wendel's managers have personally invested alongside the Group in Parcours, Mecatherm and IHS. These co-investments were made through a Luxembourg venture capital company, Oranje-Nassau Développement SA SICAR, which was set up in 2011 and transformed at the end of 2019 into a reserved alternative investment fund (FIAR).

The co-investments in Parcours and Mecatherm were unwound following the disposal of these companies at the end of 2016 and 2018 respectively. The co-investment in IHS remains in effect.

On March 17, 2021, the Supervisory Board acknowledged it was in Wendel's best interests to maintain the 2011-2012 co-investment program, which remains in effect for IHS. In accordance with the principles of this program, if Wendel has not fully divested IHS or listed it on a stock exchange, the first automatic liquidity payment date will occur on March 31, 2021, *i.e.* eight years as from the investment initially made by the Wendel Group in this company. In this context, the co-investors, including Mr. David Darmon, should receive, if the minimum return is achieved, their share of the capital gain on one-third of the amounts they co-invested in IHS. For this purpose, the value of IHS will be determined by an internationally-recognized independent expert, according to the valuation principles defined by the Oranje-Nassau Développement prospectus.

b) Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel between April 2013 and April 2017 (and to later re-investments made by Wendel in these companies)

Person concerned: David Darmon, member of the Executive Board

In 2013, Wendel adjusted its guidelines for co-investments relating to acquisitions made by the Group between April 2013 and April 2017 (and for later re-investments made in these companies) (the "*Millésime*") in order to add a pooled share and increase the minimum return condition for the Wendel Group.

The general principles for these co-investments are as follows:

- 35% of the amount co-invested gives the right, if a liquidity event occurs, to 3.5% of the capital gain realized on each of the *Millésime* investments, on the condition that Wendel's return is at least 10% *per annum* (carried deal by deal);
- 35% of the amount co-invested gives the right to 3.5% of the capital gain calculated on all of the *Millésime* co-investments, on the condition that Wendel's annual return, calculated for all of these investments as a whole, is at least 7% (pooled carried interest); in the absence of the divestment or flotation of each of the *Millésime* investments by Wendel, any pooled capital gain will be allocated half in 2024 and half in 2025 (the investments remaining in the portfolio being valued by an independent expert in every case);
- the remaining 30% is co-invested *pari passu* with Wendel, 15% on a deal-by-deal basis, and 15% on a pooled basis;
- the co-investors having committed to participating in the 2013-2017 co-investment program are required to invest in all of the *Millésime* investments with respect to the pooled portion (carried interest and *pari passu);* failing this, the co-investor concerned will lose all of his or her rights, except in cases of force majeure, where the co-investor will simply be diluted pro rata for the unsubscribed portion;
- co-investors who have met their commitment to co-invest in the pooled portion may invest the same amount on a deal-by-deal basis (carried interest and *pari passu),* without obligation;
- the amount co-invested may not exceed 0.5% of Wendel's investment;
- liquidity events are defined as total divestment, change of control, sale of over 50% of the securities held by the Wendel Group or the stock market flotation of the company concerned;
- for investments on a deal-by-deal basis, one-third of the amount invested is distributed to the co-investors, failing any total divestment or stock market flotation, eight, ten and twelve years after the initial investment;

- carried interest rights vest gradually over four years in five 20% tranches, including 20% at the investment date; for Global Performance 17 SA SICAR, this period begins with the first investment;
- in the event of the departure of a member of the management team, the commitments made and received by the co-investors and your Group are identical to those under the framework agreement on the co-investments made by the management team relating to acquisitions made by Wendel between 2011 and 2012 (and to the subsequent re-investments made by Wendel in these companies), as described above.

On February 11, 2015, the Supervisory Board specified that the date to be used to determine any applicable rate of exchange is the date of the capital increases of Expansion 17 SA SICAR and Global Performance 17 SA SICAR, reflecting the co-investments of the members of the Executive Board.

The principles applicable to co-investments relating to acquisitions made by Wendel between April 2013 and April 2017 (as well as to subsequent reinvestments made in these companies) remain unchanged.

In accordance with these principles, the relevant Wendel managers, including Mr. David Darmon, have made personal investments alongside the Group in Saham, Nippon Oil Pump, CSP Technologies, Constantia Flexibles, Allied Universal and Tsebo. These co-investments were made through the Luxembourg venture capital companies Expansion 17 SA SICAR et Global Performance 17 SA SICAR, which was transformed at the end of 2019 into a reserved alternative investment fund (FIAR).

In 2018, the co-investments in Saham, Nippon Oil Pump and CSP Technologies were unwound as a result of the divestment of these three companies. In 2020 and early 2021, the residual amounts due in respect of these co-investments were paid to the co-investors. Within this framework, Mr. David Darmon, member of the Executive Board, received a marginal amount (€87) in respect of the co-investment in Saham (earn-out relating to the sale of Saham Pharma) and €245,245 in respect of the co-investment in CSP Technologies (plus €38,592 paid in March 2021).

The co-investment in Allied Universal was unwound in two different stages, corresponding to the two partial sales by the Wendel Group of its stake in the company (79% in December 2019 and the remaining 21% in April 2020). These transactions led to Wendel's net investment in Allied Universal being valued at approximately US$918m, approximately 2.5 times the total capital invested in dollars. A price adjustment that was unfavorable to the sellers was paid in December 2020 for an amount of US$0.9m (Wendel share). In accordance with the rules of the 2013-2017 program, these two sales constituted liquidity events in proportion to the divested interest.

- With regard to the pooled portion of the co-investment in Allied Universal:
  - for the *pari passu* portion, in November 2020 the co-investors received the repayment of their contributions in proportion to their interest in the capital. In this respect, Mr. David Darmon received €19k, and
  - for the carried interest portion, the result of this sale will be taken into account to calculate, at the end of the program and for all of the investments for the period, the total return and, if applicable, the capital gain attributable to the co-investors.
- Regarding the deal-by-deal portion of the co-investment in Allied Universal, the disposal having made it possible to achieve the minimum expected return, the co-investors have received or will receive their share of the capital gain, *i.e.* €1.8m for Mr. David Darmon (paid in July 2020).

Lastly, concerning the co-investment in Tsebo, the company was sold at a loss by the Wendel Group in December 2020. Mr. David Darmon lost an amount of €26k on the deal-by-deal part of his co-investment.

On March 17, 2021, the Supervisory Board acknowledged it was in Wendel's best interests to maintain the 2013-2017 co-investment program, the pooled part of which remains fully in effect and the deal-by-deal part of which remains in effect for Constantia Flexibles.

c) Framework agreement on co-investments by Wendel's management team relating to acquisitions made by Wendel between 2018 and 2021 (and to later re-investments made by Wendel in these companies

Persons concerned: André François-Poncet and David Darmon, members of the Executive Board and Sophie Tomasi Parise, member of the Supervisory Board representing employees

In 2018, Wendel adjusted its guidelines for co-investments relating to acquisitions made by Wendel for investments made by the Wendel Group in new companies acquired between January 2018 and April 2021. They replace the rules previously established for the April 2017-December 2020 period for the members of the Executive Board, which were not implemented, as no investments were made.

The general principles applicable to these co-investments are as follows:

- the amount of the co-investment remains set at 0.5% of the amount invested by Wendel;
- the pooled portion of the co-investment accounts for 80% of the total co-investment (previously 50%) and the deal-by-deal portion accounts for 20% (previously 50%);
- the minimum return is 8% *per annum* for the deal-by-deal portion and 7% *per annum* for the pooled portion.

If a liquidity event occurs, the co-investors will be entitled to 10% (previously 7%) of the capital gain if the minimum return is achieved. Failing this, they will be treated on a *pari passu* basis with Wendel.

The definition of a liquidity event (full or partial) remains unchanged: complete divestment of the company, change in control or sale of over 50% of the shares of the company held in the portfolio, or a stock market flotation of the company concerned. In the event of a stock market flotation, the liquidity event will typically be partial, and will be calculated pro rata based on the investment sold by Wendel. The rate of liquidity events will therefore be in line with the rate of disposals by Wendel. Exceptionally, for the deal-by-deal portion of the co-investment, co-investors may opt for full liquidity.

In the absence of a full liquidity event, liquidity for the remaining investment will be granted to co-investors in three one-third tranches, in 2026, 2028 and 2030. The valuation is then calculated as follows:

- if the issuer is listed, on the basis of the market price of its securities;
- if the issuer is not listed, on the basis of an independent expert appraisal.

Rights are vested gradually over a five-year period (previously four), in 20% tranches on the anniversary of the investment. In certain circumstances involving departures, the vesting period is extended to six years, and does not begin until the second anniversary of the investment. As in the past, departures of members of the Executive Board are subject to reciprocal purchase and sale agreements with a Wendel Group entity.

The principles applicable to the co-investments relating to acquisitions made by Wendel between January 2018 and April 2021 remain unchanged, with the exception of those presented below.

The Executive Board's share of co-investment, initially set at 12.4% of the total co-investment *(i.e.* 4% for the Chairman of the Executive Board and 8.4% for the other member of the Executive Board), was revised downwards in 2019 when Mr. Bernard Gautier was replaced as a member of the Executive Board by Mr. David Darmon. It is now 10.7% *(i.e.* 4%, unchanged, for the Chairman of the Executive Board and 6.7% for the other member of the Executive Board). The breakdown of the Executive Board's co-investment remains fixed at 90% pooled and 10% deal-by-deal.

In accordance with these principles, the relevant Wendel managers, including André François-Poncet and David Darmon:

- invested personally alongside the Group in the Crisis Prevention Institute (CPI) in December 2019; and
- on December 19, 2019, entered into purchase and sale agreements with Trief Corporation, a wholly-owned subsidiary of Wendel, relating to their co-investments made or to be made through Global Performance 17 SCA and Expansion 17 SCA, approved as reserved alternative investment funds (FIAR) by the competent Luxembourg authorities.

At its meeting on March 8, 2020, the Supervisory Board ratified ex post the investment made by Ms. Sophie Parise, member of the Supervisory Board representing employees, as part of the Wendel Group's investment in Crisis Prevention Institute (CPI), distributed in equal shares between the pooled/deal-by-deal, in accordance with the co-investment rules applicable for the period 2018-2021.

At its meeting on March 17, 2021, the Supervisory Board acknowledged it was in Wendel's best interest to maintain the 2018-2021 co-investment program, which remains in full effect.

2) With Wendel-Participations SE

Persons concerned:

- Wendel-Participations SE, a shareholder with more than 10% of the voting rights;
- Mr. Nicolas ver Hulst (Director), Ms. Bénédicte Coste (Director), Mr. Edouard de l'Espée (non-voting director), Ms. Priscilla de Moustier (CEO), Mr François de Wendel (non-voting director and member of the Supervisory Board of Wendel until July 2, 2020), Mr. Thomas de Villeneuve (Director and member of the Supervisory Board of Wendel since July 2, 2020), Mr. Humbert de Wendel (Director) of Wendel-Participations SE, and also members of the Supervisory Board of Wendel.

a) Services agreement for administrative assistance

Wendel provides advice and assistance to Wendel-Participations SE under a contract entered into on September 2, 2003. Wendel invoiced a total of €13,000 before tax under this agreement in respect of 2020.

On March 18, 2020, the Supervisory Board acknowledged it was in Wendel's best interests to maintain this agreement, given that it allows for synergies and smooth relations between the two companies.

b) Agreement to rent premises

Wendel makes office premises available to Wendel-Participations SE in a building located at 89 rue Taitbout, 75009 Paris, as part of a rental agreement entered into on September 2, 2003. Wendel invoiced a total of €45,239 before tax under this agreement in respect of 2020.

On March 18, 2020, the Supervisory Board acknowledged it was in Wendel's best interests to maintain this agreement, insofar as it allows for smooth cooperation between the two companies.

Agreements approved during the year ended December 31 2020

In addition, we have been notified of the implementation during the year ended December 31, 2020 of the following agreements which were approved by the Annual General Meeting of July 2, 2020 based on the statutory auditors' report on related party agreements dated April 15, 2020.

1) Guarantee agreements in the event of disputes relating to the exercise of corporate offices

Persons concerned: Mr. André François-Poncet and Mr. David Darmon, members of the Executive Board

At its meeting on March 18, 2020, the Supervisory Board authorized the conclusion of a letter of guarantee with Mr. André François-Poncet and Mr. David Darmon.

Under this letter of guarantee dated March 18, 2020, Wendel assumes, in accordance with the terms and limits of the applicable insurance policies, the defense costs and the financial consequences resulting from claims related to the corporate offices, as the case may be, of the Chairman of the Executive Board or member of the Executive Board of Wendel, as well as to the corporate offices they hold within one or more entities of the Wendel Group. The guarantee is subject to various conditions and provides for several exclusions from its application, in particular in the event of willful misconduct, unlawful personal benefit or criminal sanction.

The Supervisory Board considered that it was in the interest of the Company to allow the Company to maintain this assumption of responsibility, since the action of the corporate officer is undertaken in the interest of Wendel, and it being specified that the implementation of the guarantee should be exceptional because of the civil liability insurance coverages of the corporate officers.

2) Transition Agreement relating to the US employment contract of Mr. David Darmon, member of the Executive Board

The Supervisory Board, at its meeting on February 5, 2020, authorized the conclusion of a Transition Agreement between Wendel North America LLC and Mr. David Darmon.

The Transition Agreement, concluded on March 4, 2020, aimed to:

- set the end date of the US employment contract on July 31, 2020 at the latest;
- agree on the conditions of application of the US employment contract from the date of appointment of Mr. David Darmon as a member of the Executive Board, *i.e.*, September 9, 2019, until the expiration of said contract, *i.e.*, July 31, 2020 at the latest.

Under the terms of the Transition Agreement, from September 9, 2019 and until the expiration date of the US employment contract, Mr. David Darmon:

- is exempted from carrying out any activity by Wendel North America LLC;
- no longer receives the fixed and variable compensation provided for in the US employment contract;
- is no longer eligible for the stock option, performance share, co-investment and savings plans set up within the Wendel Group and its subsidiaries;
- continues to receive an expatriation allowance of US$80,621 gross per month for the duration of the above-mentioned period.

The Supervisory Board considered that these adjustments were in the interest of the Company, given the need to rearrange the conditions of application of the US employment contract in light of the appointment of Mr. David Darmon to the Executive Board.

3) Amendment to the French employment contract of Mr. David Darmon, member of the Executive Board

At its meeting on February 5, 2020, the Supervisory Board authorized the conclusion of an amendment to Mr. David Darmon's employment contract with Wendel.

Mr. David Darmon is an employee of Wendel under an employment contract governed by French law that came into force on July 4, 2005. By letter dated May 31, 2013, this employment contract was suspended as part of his expatriation to the United States of America, to work for Winvest Advisors North America, which became Wendel North America LLC.

During his expatriation in the United States of America, Mr. David Darmon served as CEO of Wendel North America LLC under an employment contract governed by US law entered into on May 31, 2013.

The purpose of the amendment to the French employment contract, concluded on March 4, 2020, was to:

- confirm the continuation of the suspension of the French employment contract during his term of office as member of the Executive Board, it being specified that at the end of his term of office, subject to the applicable legal provisions, Mr. David Darmon will be reinstated at Wendel in a position at an equal level or equivalent to that of Deputy Chief Executive Officer and member of the Investment Committee;
- agree on the conditions applicable to Mr. David Darmon during the transitional period from September 9, 2019 until the effective term of the US employment contract, which is scheduled to end no later than July 31, 2020, and in particular on the continuation of Mr. David Darmon's affiliation to the following various social protection plans, with contributions being borne by Wendel:

  - affiliation to the Caisse des Français à l'Etranger: insurance against sickness-maternity-disability and accidents at work/occupational diseases, participation in the basic retirement pension scheme of the French general scheme,
  - affiliation to the CRE-IRCAFEX supplementary pension schemes (Agirc-Arrco),
  - affiliation against the risk of job loss: with Pôle Emploi International until December 31, 2019, with Mr. David Darmon benefiting from GSC unemployment insurance (social guarantee for company directors) as of January 1, 2020,
  - welfare - health expenses: Mr. David Darmon benefits from the health and welfare schemes attached to the above-mentioned French voluntary social security schemes;
- set the reinstatement salary applicable on the day of reactivation of the French employment contract as follows (subject to increases decided at the time of the annual compensation review):
  - basic gross annual salary: €490,000,
  - maximum gross variable compensation for a full year: €490,000;
- specify that the period of expatriation working for Wendel North America LLC will be taken into account in determining the seniority of Mr. David Darmon (it being specified that, in accordance with the applicable legal provisions, the period of exercise of corporate office as a member of the Executive Board is not taken into account for the calculation of seniority).

The Supervisory Board authorized these adjustments to allow Mr. David Darmon to exercise his corporate office as a member of the Management Board under satisfactory social conditions, taking into account his expatriation. The Supervisory Board considered that these arrangements were in the interest of the Company, taking into account, on the one hand, the seniority of Mr. David Darmon as an employee of the Company and, on the other hand, the overall balance of the terms negotiated with Mr. David Darmon in connection with his appointment as a member of the Executive Board.

Paris-La Défense, April 15, 2021

The Statutory Auditors

French original signed by

DELOITTE ET ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

9.1.2 Statutory Auditors' report on the issue of shares or securities giving access to the capital with cancellation of preferential subscription rights reserved for members of one or more company savings schemes set up within the Group

This is a free translation into English of a report issued in French 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.

(Combined shareholders' meeting of June 29, 2021 - Nineteenth resolution)

To the Wendel Shareholders' meeting,

In our capacity as statutory auditors of your company and in compliance with articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code *(Code de commerce)*, we hereby report on the proposed delegation of authority to the Executive Board, subject to the prior authorization of the Supervisory Board Pursuant to article 15-V of the bylaws, to decide whether to proceed with an issue of shares or securities giving access to the capital, with cancellation of preferential subscription rights, reserved for members of one or more company savings schemes set up within the Group, an operation upon which you are called to vote.

The maximum nominal amount of the capital increases that may be carried out, immediately or in the future, under this delegation, may not exceed €150,000.

This issue is submitted for your approval in accordance with article L. 225-129-6 of the French Commercial Code *(Code de commerce)* and article L. 3332-18 *et seq.* of the French Labour Code (*Code du travail*).

On the basis of its report, your Executive Board proposes that it be authorized, for a period of fourteen months from the date of this meeting, to decide to proceed with the issue, and proposes to cancel your preferential subscription rights to the shares or securities giving access to the capital to be issued. If necessary, it will establish the final terms and conditions of issue under this operation.

It is the responsibility of the Executive Board to prepare a report in accordance with articles R. 225-113 *et seq.* of the French Commercial Code *(Code de commerce)*. Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue contained in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie Nationale des Commissaires aux Comptes*) for this type of engagement. These procedures consisted in verifying the information provided in the Executive Board's report relating to this operation and the methods used to determine the share issue price.

Subject to a subsequent examination of the conditions for the proposed issue, we have no matters to report as to the methods used to determine the issue price for the shares to be issued provided in the Executive Board's report.

As the final conditions for the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with article R. 225-116 of the French Commercial Code *(Code de commerce),* we will issue, if applicable, a supplementary report when your Executive Board has exercised this authorization in the event of the issue of shares and securities which are equity securities giving access to other equity securities and in the case of the issuance of securities giving access to equity securities to be issued.

Paris-La Défense, April 15, 2021,

The Statutory Auditors

French originals signed by:

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

9.1.3 Statutory Auditors' report on the authorization for allocation of stock subscription options or stock purchase options

This is a free translation into English of a report issued in French 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.

(Combined shareholders' meeting of June 29, 2021 - Twentieth resolution)

To the Wendel Shareholders' meeting,

In our capacity as statutory auditors of your company and in compliance with articles L. 225-177 and R. 225-144 of the French Commercial Code (*Code de commerce*), we hereby report on the authorization for allocation of stock subscription options, subject to the prior authorization of the Supervisory Board Pursuant to article 15-V of the bylaws, or stock purchase options, reserved for those who will be designated from among the corporate officers described in Article L. 225-185 of the French Commercial Code (*Code de commerce*) and employees of the Company or of companies or corporate Groups related to it within the meaning of article L. 225-180 of said Code, an operation upon which you are called to vote.

The total number of shares to be purchased or subscribed for through the exercise of the options allocated will give rise to a total number of shares representing no more than 1% of the company's share capital at the allocation date, it being specified that the number of free shares awarded in respect of the 21th resolution of this shareholders' meeting shall be deducted from this ceiling.

The total number of shares that may be acquired or subscribed by the members of the Executive Board through the exercise of the options granted under this authorization to the members of the Executive Board may not exceed 50% of the ceiling mentioned in the previous paragraph; it being specified that in any event, the total value of the options granted to members of the Executive Board, combined with that of the free shares referred to in the 21st resolution and as determined on their grant date, may not exceed the limit - expressed in proportion of their compensation - set by the compensation policy for the members of the Executive Board.

On the basis of its report, your Executive Board proposes that it be authorized, for a period of fourteen months, from the date of this Meeting to allocate stock subscription options or stock purchase options.

It is the responsibility of the Executive Board to prepare a report on the reasons for awarding stock subscription options or stock purchase options and on the proposed methods for the determination of the subscription or purchase price. Our role is to express an opinion on the proposed methods for the determination of the share subscription or purchase price.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie nationale des Commissaires aux comptes*) for this type of engagement. These procedures consisted in verifying that the methods proposed to determine the share subscription or purchase price are included in the Executive Board's report and are in accordance with French laws and regulations.

We have no matters to report as to the proposed methods for the determination of the subscription or purchase price.

Paris-La Défense, April 15, 2021,

The Statutory Auditors

French originals signed by:

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

9.1.4 Statutory Auditors' report on the free allocation of existing shares or shares to be issued

This is a free translation into English of a report issued in French 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.

(Combined shareholders' meeting of June 29, 2021 - Twenty first resolution)

To the Wendel Shareholders' meeting,

In our capacity as statutory auditors of your company and in compliance with article L. 225-197-1 of the French Commercial Code (*Code de commerce*), we hereby report on the proposed free allocation of existing shares or shares to be issued, subject to the prior authorization of the Supervisory Board Pursuant to article 15-V of the bylaws, reserved for employees or corporate officers of the company as defined in section II of article L. 225-197-1 of the French Commercial Code, or for employees and corporate officers of the companies or corporate Groups that are related to it within the meaning of article L. 225-197-2 of the French Commercial Code, an operation upon which you are called to vote.

The total number of shares that may be allocated in respect of this authorization may not represent more than 1% of the company's share capital on the allocation date, it being specified that the number of shares allocated will be deducted from the maximum number of shares that may be issued pursuant to the 20th resolution of this shareholders' meeting, fixed at 1% of the capital.

The total number of shares that may be allocated to the members of the Executive Board may not exceed 50% ofthe ceiling mentioned in the previous paragraph; it being specified that in any event, the total value of the free shares granted to the members of the Executive Board, combined with that of the options referred to in the 20th resolution and as determined on their grant date, may not exceed the limit - expressed in proportion of their compensation - set by the compensation policy for the members of the Executive Board.

On the basis of its report, your Executive Board proposes that it be authorized, for a period of fourteen months from the date of this meeting, to allocate, free of charge, existing shares or shares to be issued.

It is the responsibility of the Executive Board to prepare a report on the proposed operation. Our role is to report on any matters relating to the information thus provided to you regarding the proposed operation.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (*Compagnie nationale des Commissaires aux comptes*) for this type of engagement. These procedures consisted mainly in verifying that the proposed methods described in the Executive Board's report comply with the legal provisions governing such operations.

We have no matters to report as to the information provided in the Executive Board's report relating to the proposed free allocation of shares.

Paris-La Défense, April 15, 2021,

The Statutory Auditors

French originals signed by:

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

9.2 Additional reports

9.2.1 Supplementary report from the Executive Board on the capital increase reserved for members of the 2020 Wendel Group Savings Plan

The Executive Board, acting under the powers granted to it by the Shareholders' Meeting of July 2, 2020 (the "**Shareholders' Meeting**") in its 26th resolution, after authorization of the Supervisory Board dated September 16, 2020, decided on September 17, 2020 to implement a capital increase reserved for members of the Wendel Group Savings Plan and the international Group Savings Plan, in favor of whom the shareholders' preferential subscription rights were canceled by the Shareholders' Meeting.

On October 16, 2020, the Executive Board noted the completion of this capital increase.

The purpose of this report, prepared in accordance with Article R. 225-116 of the French Commercial Code, is to describe the final terms and conditions of the capital increase carried out with the approval of the Shareholders' Meeting.

I. Final terms and conditions of the capital increase

Maximum size of the reserved capital increase

The Executive Board, which met on September 17, 2020, decided to set the maximum nominal amount of the reserved capital increase at €150,000, *i.e.* 37,500 shares with a nominal value of €4 each.

Subscription price

The Executive Board, which met on September 17, 2020, set the amount of the discount at 30% of the reference price, and noted that:

- the reference price, calculated on the basis of the average closing share price for the 20 trading days prior to September 17, 2020, was €86.00;
- the subscription price, set at 70% of the reference price, is €60.20.

Each new share having a par value of €4 was therefore issued with a share premium of €56.20.

Beneficiaries of the offer

The beneficiaries of the offer are members of the Wendel Group Savings Plan and the international Group Savings Plan. Employees and corporate officers of Wendel and companies that are members of the Wendel Group Savings Plan and the international Group Savings Plan must prove that they have served at least three (3) months as of the end of the subscription period.

Cancellation of preferential subscription rights

The Shareholders' Meeting canceled the shareholders' preferential subscription rights in favor of the beneficiaries of the offer.

Rights attached to shares

The new Wendel shares will be created, will carry current rights and will be immediately assimilated to the existing shares.

The rights attached to these new shares will be identical to those attached to the Company's existing shares and are described in Wendel's by-laws. It is specified that the voting rights attached to the Wendel shares held by "FCPE Wendel" (the Wendel mutual fund) will be exercised by each holder of units of "FCPE Wendel" in proportion to the number of shares held at each Shareholders' Meeting.

Maximum subscription rights

Each beneficiary was entitled to subscribe to "FCPE Wendel" units under the conditions defined by the regulations of the Wendel Group Savings Plan and the international Group Savings Plan, as modified by their amendments, where applicable.

Company matching contribution

For 2020, the matching contribution is equal to 200% of the voluntary payments made by subscribers, up to the legal cap of €5,923.50.

Adjustments to the reserved capital increase

In the event that the total number of Wendel shares resulting from requests to subscribe to "FCPE Wendel" units by the beneficiaries would have been greater than the maximum number of shares offered as part of the reserved capital increase, the number of requests would have been reduced. This would have been done as follows:

- a gradual reduction, starting with the highest demands, until the sum of the individual subscription commitments is less than or equal to the maximum amount offered;
- where applicable, the reduction in the individual subscription commitments of each subscriber would have been allocated as a priority to the portion of the subscription financed by:
  - voluntary cash payments,
  - the arbitrage of available assets from all of the Wendel Group employee savings plan mutual funds (FCPE),
  - the arbitrage of unavailable assets held in the FCPE CM-CIC Perspective Monetary B mutual fund,
  - the arbitrage of units of the FCPE CM-CIC Perspective Monetary A mutual fund with an availability date in 2025.

Since the total number of Wendel shares resulting from requests by beneficiaries to subscribe for "FCPE Wendel" units was lower than the maximum number of shares offered under the reserved capital increase, the capital increase was carried out only up to the amount of the shares subscribed by the "FCPE Wendel" mutual fund.

Unavailability of mutual fund (FCPE) units

Subscribers to the offer must keep the "FCPE Wendel" units thus subscribed for a period of five (5) years, unless there is an early release case as provided for in Article R. 3324-22 of the French Labor Code.

Subscription period

The subscription period for "FCPE Wendel" units by the beneficiaries was open from September 18, 2020 to September 28, 2020 inclusive.

Full payment of the amount of the subscription to the "FCPE Wendel" units took place on October 15, 2020 and the Wendel capital increase was completed on October 16, 2020.

Listing of new shares

Admission to trading of the Company's new shares on the Euronext Paris regulated market will be requested as soon as possible after the capital increase.

II. Impact of the capital increase

The Company issued 36,811 new shares. The share capital was thus increased by a nominal amount of €147,244 (36,811 shares with a par value of €4), *i.e.* an increase in the share capital, including the issue premium, for a total amount of €2,216,022.20 (issue premium of €56.20 per share).

In accordance with Article R. 225-115 of the French Commercial Code, the Executive Board hereafter reports on the impact of this issue on the situation of holders of Company's shares and holders of securities giving access to the Company's share capital, as well as on the theoretical impact on the stock market value of the share. The impact of the issue is assessed on the basis of the most recent half-year financial statements dated June 30, 2020.

- **Impact on share of equity as of June 30, 2020:**

For reference, the impact of the issue of the 36,811 new shares on the share of equity per share would be as follows (based on shareholders' equity at June 30, 2020 and the number of shares comprising the share capital of the Company at that date):

	Equity per share (undiluted basis)	Equity per share (diluted basis)*
Before issue of 36,811 new shares	€137.1152	€136.7841
After issue of 36,811 new shares	€137.0519	€136.7214

* *After taking into account all issued securities that may give access to the share capital.*

- **Impact of the issue on the shareholder's position:**

For reference, the impact of the issue of the 36,811 new shares on the stake of a shareholder who would hold 1% of the share capital of Wendel prior to the issue of these new shares and not subscribing to the issue (calculations based on the number of shares comprising the Company's share capital on September 17, 2020), would be as follows:

	Shareholder's interest as a% of capital (undiluted basis)	Shareholder's interest as a% of capital (diluted basis)*
Before issue of 36,811 new shares	1.0000%	0.9940%
After issue of 36,811 new shares	0.9992%	0.9932%

* *After taking into account all issued securities that may give access to the share capital.*

- **Theoretical impact on the share's current stock market value based on the average share price for the 20 trading days prior to September 17, 2020 *(i.e.* €86.00):**

The theoretical impact of the issue of the 36,811 new shares on the market value of the Wendel share would be as follows (calculations based on the number of shares comprising the Company's share capital on September 17, 2020):

	Market value per share (undiluted basis)	Market value per share (diluted basis)*
Before issue of 36,811 new shares	€86.0000	€85.9762
After issue of 36,811 new shares	€85.9788	€85.9552

* *After taking into account all issued securities that may give access to the share capital.*

October 16, 2020

The Executive Board

9.2.2 Statutory Auditors' supplementary report on the increase in capital reserved for members of a company savings scheme set up within the Wendel Group

This is a free translation into English of a report issued in French 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 capacity as statutory auditors of your Company and in compliance with article R. 225-116 of the French Commercial Code (Code de commerce) and further to our special report dated as of April 15, 2020, we hereby report on the issue of shares or securities with cancellation of preferential subscription rights, reserved for employees who are members of one or more company savings scheme set up within the Group, authorized by your ordinary and extraordinary general meeting of July 2, 2020 in its twenty-sixth resolution.

The combined shareholders' meeting had authorized your Executive Board to decide on whether to proceed with such operation in accordance with articles L. 225-129-6 of the French Commercial Code (Code de commerce) and L. 3332-18 *et seq.* of the French Labour Code (Code du travail) within a period of fourteen months and a maximum nominal amount of €150,000.

Exercising this authorization, your Executive Board decided on September 17, 2020, after the approval of the Supervisory Board on September 16, 2020, to proceed with an increase in capital reserved for employees who are members of the Group Saving Scheme and International Group Saving Scheme of Wendel, of a maximum nominal amount of €150,000 by issuing ordinary shares with a par value of €4 per share and a share premium of €56.20, that being a subscription price set at €60.20.

The Executive Board noted on October 16, 2020, the capital increase of €147,244, by the issuance of 36 811 ordinary shares with a par value of €4 per share and a share premium of €56.20, that being the total subscription amount of €2,216,022.20.

It is the responsibility of the Executive Board to prepare a report in accordance with articles R. 225-115 and R. 225-116 of the French Commercial Code (*Code de commerce*). Our role is to report on the fairness of the financial information taken from the interim financial information, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue contained in this report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted notably in verifying:

- the fairness of the financial information taken from the interim financial information prepared under the Executive Board's responsibility as of June 30, 2020, using the same methods and following the same presentation as the previous annual financial statements. We have performed procedures consisting in making inquiries of persons responsible for financial and accounting matters, verifying that this interim financial information has been prepared using the same methods and the same presentation as those used for the previous annual financial statements, and applying analytical procedures;
- the compliance with the terms of the operation as authorised by the general meeting of shareholders;
- the information provided in the Executive Board's supplementary report on the choice of constituent elements used to determine the issue price and on its final amount.

We have no matters to report as to:

- the fairness of the financial information taken from the interim financial information and included in the Executive Board's supplementary report;
- the compliance with the terms of the operation as authorized by your ordinary and extraordinary general meeting of July 2, 2020;
- the choice of constituent elements used to determine the issue price and its final amount;
- the presentation of the effect of the issuance on the financial position of the share and capital security holders as expressed in relation to shareholders' equity and on the market value of the share;
- the proposed cancellation of the preferential subscription rights, upon which you have voted.

Paris-La Défense, October 30, 2020,

The Statutory Auditors

French originals signed by:

DELOITTE & ASSOCIES	ERNST & YOUNG Audit
Mansour Belhiba	Jacques Pierres

9.2.3 Special report of the Executive Board on free shares allocated during 2020

I. Legal framework

The Executive Board, acting under the powers granted to it by the Shareholders' Meeting of July 2, 2020 (the "**Shareholders' Meeting**") in its 28th resolution, decided on August 5, 2020 to allocate free shares to executive corporate officers and certain employees of the Company and of companies related to it. These shares were allocated in full by the Company.

The purpose of this report, prepared in accordance with Article L. 225-197-4 of the French Commercial Code, is to report on this allocation.

II. Allocation to corporate officers

In accordance with the authorization of the Supervisory Board of June 4, 2020, the members of the Executive Board received a free allocation of shares valued at €49.2 each, according to the following distribution:

Name	Number of shares
André François-Poncet	35,745
David Darmon	6,875
TOTAL	**42,620**

The characteristics of these shares are described in section 2.2.2 of the 2020 Universal Registration Document.

III. Allocation to employees

Employees were awarded free shares under two separate plans: one providing for the allocation of free shares valued at €49.2 each, with a 3-year vesting period, and the other providing for the allocation of free shares valued at €75.7 each, with a 4-year vesting. These plans do not provide for a retention period.

Allocation of free shares to the ten employees of the Company whose number of free shares is the highest:

1	2	3	4	5	6	7	8	9	10	Total
6,447	5,214	5,214	5,214	5,214	4,840	4,835	4,029	3,729	3,224	47,960

Allocation of free shares to all 79 beneficiary employees:

Employee categories	Number of shares
Managers France (54)	77,977
Non-managers France (7)	485
Other countries (18)	18,295
TOTAL (79)	**96,757**

March 10, 2021

The Executive Board

9.2.4 Special report of the Executive Board on stock options granted during 2020

I. Legal framework

The Executive Board, acting under the powers granted to it by the Shareholders' Meeting of July 2, 2020 (the "**Shareholders' Meeting**") in its 27th resolution, decided on August 5, 2020 to allocate share subscription options to executive corporate officers and certain employees of the Company and of companies related to it. These options were granted in full by the Company.

The purpose of this report, prepared in accordance with Article L. 225-184 of the French Commercial Code, is to report on this allocation.

II. Allocation to corporate officers

In accordance with the authorization of the Supervisory Board of June 4, 2020, the members of the Executive Board were granted share subscription options valued at €18.3 each, according to the following distribution:

Name	Number of shares	Start date for exercise	Strike price	Expiration date
André François-Poncet	22,341	08.05.2023	€82.05	08.02.2030
David Darmon	20,625	08.05.2023	€82.05	08.02.2030
TOTAL	**42,966**			

The characteristics of these options are described in section 2.2.2 of the 2020 Universal Registration Document.

III. Allocation to employees

On August 5, 2020, employees were granted share subscription options valued at €18.3 each, with the following characteristics:

Start date for exercise	Strike price	Expiration date
08.05.2023	€82.05	08.02.2030

Allocation of options to the ten employees of the Company to whom the highest number of options has been granted:

1	2	3	4	5	6	7	8	9	10	Total
14,000	14,000	14,000	14,000	13,000	12,800	10,000	9,600	8,000	7,200	116,600

Allocation of stock options to all 79 beneficiary employees:

Employee categories	Number of shares
Managers France (54)	178,544
Non-managers France (7)	963
Other countries (18)	47,869
TOTAL (79)	**227,376**

IV. Exercise of options during 2020:

During 2020, David Darmon exercised stock options granted on June 4, 2010 as follows:

Number of options exercised during the year	Strike price
18,000	€44.32

During the 2020 fiscal year, only one employee exercised options, the details of which are as follows:

	Number of options exercised during the year	Type of options (purchase/subscription)	Strike price
1	2,300	Purchase	€82.90

March 10, 2021

The Executive Board

9.3 Observations from the Supervisory Board for the Shareholders' Meeting

To the Shareholders,

In 2020, the Supervisory Board continued to perform its control and oversight of the Executive Board with the support of its two Committees, the Audit, Risks and Compliance Committee and the Governance and Sustainability Committee.

Despite the constraints linked to the health crisis, the Board and the Committees were able to complete their work in accordance with to the planned schedule. Your Supervisory Board met 13 times, the Audit, Risks and Compliance Committee 7 times and the Governance and Sustainability Committee 7 times.

2020 was marked by the Covid-19 pandemic and by a particularly significant global recession. The Group's investments were affected in various ways: IHS Towers recorded solid growth, Constantia's activities were little affected by nature, Cromology experienced a spectacular rebound after the first lockdown which paralyzed its activity, Stahl and Bureau Veritas saw a strong improvement during the second half of the year and CPI, after its low point during the lockdown, has seen an improvement in its activity levels month on month.

In a context of great uncertainty throughout the year as to the duration of the pandemic, the Executive Board made some brave decisions: decision to sell Tsebo to its creditors, decision to allow Bureau Veritas to strengthen its equity by not distributing any dividend, extremely careful monitoring of cash positions in all portfolio, decision to refocus on Wendel's teams in Paris, New York and Luxembourg.

Wendel's financial position remained solid throughout the year: this enabled it the distribution of a dividend of €2.80 per share in July 2020, stable compared to the previous year; this is also what enabled Wendel to post a loan-to-value (LTV) ratio of 6.2% at December 31, 2020, also stable despite the decline in the equity markets.

There was no investment in new sectors in 2020; but after a few years of strengthening its balance sheet and that of its companies, the Group is now entering a phase of redeployment.

In recognition of the remarkable work carried out by the Executive Board, the Supervisory Board has decided to renew its term of office for four years as from April 7, 2021.

The strong performance of the portfolio made it possible to limit the decrease in Net Asset Value in 2020 to -4.3% (€159.1 per share as of December 31, 2020). Restated for the dividend of €2.80 per share paid in 2020, the Net Asset Value per share decreased by only 2.6%.

On March 17, 2021, the Supervisory Board examined Wendel's parent company and consolidated financial statements as prepared by the Executive Board. It has no observations to bring to your attention and recommends approval of the financial statements.

Your Supervisory Board has approved the Executive Board's proposal to set the 2020 dividend at €2.90 per share, an increase of 3.6% compared to dividend paid in respect of 2019.

With regard to governance, Harpers Mates, appointed by the Social and Economic Committee, joined the Supervisory Board as second member representing employees on January 1, 2021.

The Supervisory Board would like to express its sincere thanks to Edouard de l'Espée and Nicholas Ferguson, whose terms of office expire at the end of the Shareholders' Meeting, for their remarkable contribution to the work of the Board over respectively the past sixteen and four years.

The Supervisory Board proposes that you renew the terms of office of Nicolas ver Hulst, Priscilla de Moustier and Bénédicte Coste, it being specified that the Supervisory Board has already confirmed that Nicolas ver Hulst would be reappointed as Chairman of the Board.

The Supervisory Board also proposes to appoint François de Mitry as a new member of the Supervisory Board, who will bring to the Board his strong international background and his decades of experience in the investment sector to the Board. Subject to your vote, the Board welcomes the presence of François de Mitry for a term of four years.

Finally, the Board recommends shareholders' approval of all resolutions submitted by the Executive Board at the Shareholders' Meeting.

9.4 Report of the Executive Board on the resolutions submitted to the Shareholders' Meeting of June 29, 2021

Ordinary Shareholders' Meeting

2020 financial statements and allocation of income

The purpose of the **1st** and **2nd resolutions** is to approve Wendel's financial statements as of December 31, 2020.

The parent company financial statements show net loss of €26.6 million. Equity (excluding income for the year) amounted to €7,018 million and is a guarantee of Wendel's financial soundness.

The consolidated financial statements show net loss, Group share, of €264.1 million.

The **3rd resolution** proposes to allocate net income for the year ended December 31, 2020 and distribute a dividend of €2.90 per share, an increase of 3.6% from the ordinary dividend paid in respect of 2019.

	2017	2018	2019
Dividend	€2.65	€2.80	€2.80

The ex-dividend date is July 1, 2021 and the dividend will be paid on July 5, 2021.

For individuals whose tax residence is France, the gross dividend is subject either to a flat-rate tax on the gross dividend at the rate of 12.8% (Article 200 A of the French General Tax Code) or to a progressive tax rate applied after an allowance of 40% (under Articles 200 A, 2. and 158-3 2° of the French General Tax Code). The dividend is also subject to withholding of 17.2% for social contributions.

Regulated related-party agreements

The purpose of the **4th resolution** is to approve the agreements entered into with certain corporate officers of the Company, as described in the Statutory Auditors' special report. These agreements are the principles of the new co-investment program for 2021-2024 from which André François-Poncet and David Darmon, members of the Executive Board, as well as Sophie Tomasi Parise and Harper Mates, members of the Supervisory Board representing employees, benefit.

The purpose of the **5th resolution** is to approve regulated related-party agreements enetered into with Wendel-Participations SE and described in the Statutory Auditors' special report. These agreements are the amendments modifying (i) the agreement on the use of the "Wendel" trademark, (ii) the agreement on the provision anti-corruption (Sapin II law) and country-by-country tax reporting (CBCR) services, (iii) the service agreement for administrative assistance and (iv) the agreement to rent premises.

Supervisory Board: renewal of the terms of office of three members of the Supervisory Board

The terms of office of Mr. Nicolas ver Hulst, Ms. Priscilla de Moustier and Ms. Bénédicte Coste expire at the end of the Shareholders' Meeting of June 29, 2021. Their renewal for a period of four (4) years is proposed.

The purpose of the **6th resolution** is to renew the term of office of Mr. Nicolas ver Hulst, it being specified that if this resolution was approved, Mr. Nicolas vert Hulst would also be Chairman of the Supervisory Board.

The purpose of the **7th resolution** is to renew the term of office of Ms. Priscilla de Moustier.

The purpose of the **8th resolution** is to renew the term of office of Ms. Bénédicte Coste.

Supervisory Board: appointment of a new member of the Supervisory Board

The purpose of the **9th resolution** is to appoint Mr. François de Mitry as a member of the Supervisory Board for a period of four (4) years.

Mr. François de Mitry will provide the Supervisory Board with his professional experience in the investment sector, gained within its successive positions in the alternative asset manager Intermediate Capital Group Plc (1997-2012) and in the investment fund Astorg (since 2012) in London. He will also share with the Board his knowledge of the European and American markets, in particular in the fields of software, healthcare, business services and technology-based industrial companies, gained from his time at Astorg. In addition, he already has a good view on Wendel, as being member of the Supervisory Board from 2004 to 2012.

Mr. François de Mitry's background is set out in the Company's 2020 Universal Registration Document, section 2.1.1.1 "Composition of the Supervisory Board".

Vote on compensation of corporate officers

The purpose of the **10th**, **11th** and **12th resolutions** is to approve the compensation policy for the 2021 fiscal year for the Chairman of the Executive Board, the member of the Executive Board and the members of the Supervisory Board. This policy is presented in the Supervisory Board's report on Corporate governance, in sections 2.2.1.1, 2.2.1.2 and 2.2.1.3 of the Company's Universal Registration Document for 2020. Your vote is required pursuant to Article L. 22-10-26 II of the French Commercial Code.

The purpose of the **13th resolution** is to approve the information relating to the compensation previously paid or awarded to the Company's corporate officers (members of the Executive Board and members of the Supervisory Board), such as they are presented in the Supervisory Board's report on Corporate governance, in accordance with Article L. 22-10-9 I of the French Commercial Code. Your vote is required pursuant to Article L. 22-10-34 I of the French Commercial Code.

In addition to the information concerning the total compensation and benefits of any kind paid during or awarded in respect of fiscal year 2020, the information provided in accordance with these regulations contains, in particular, the ratios between the level of compensation of executive officers and the average and median compensation of the Company's employees, as well as items illustrating the evolution of these compensations and of the performance of Wendel over the last five fiscal years.

This information is described in the Supervisory Board's report on Corporate governance, in section 2.2.2 "General information on the compensation of corporate officers related to the 2020 fiscal year" of the Company's Universal Registration Document for 2020.

The purpose of the **14th, 15th, 16th** and **17th resolutions** is to approve the compensation items paid during 2020 or awarded in respect of the 2020 fiscal year to:

- Mr. André François-Poncet, Chairman of the Executive Board;
- Mr. David Darmon, member of the Executive Board;
- Mr. Bernard Gautier, former member of the Executive Board until September 9, 2019;
- Mr. Nicolas ver Hulst, Chairman of the Supervisory Board.

These compensation items are presented in the Supervisory Board's Corporate governance report in section 2.2.3 "Breakdown of compensation paid in 2020 or awarded for 2020 to Executive Board members and to the Chairman of the Supervisory Board, submitted to a shareholders' vote" of the Company's Universal Registration Document for 2020.

The variable compensation items of Mr. André François-Poncet, Mr. David Darmon and Mr. Nicolas ver Hulst will be paid to them after your approval.

Your vote is required pursuant to Article L. 22-10-34 II of the French Commercial Code.

Share buyback program

The **18th resolution** proposes to renew the authorization granted to the Company to buy back its own shares as provided for by law. The maximum purchase price has been set at €250, with the authorization valid for 14 months.

The share buyback program can only be used for the purposes defined by law and set out in this resolution. In practice, your Company may use it to reduce the share capital by canceling shares, carrying out external growth transactions, boosting the Company's share market or hedging stock option or free share plans. In 2020, Wendel purchased 676,021 treasury shares (including 669,757 shares under the liquidity contract).

Under no circumstances may the Company acquire more than 10% of its share capital, *i.e.* 4,471,911 shares based on the capital at December 31, 2020. This authorization is without force during a takeover bid.

Formalities

The purpose of the **22nd resolution** is to grant all necessary powers to carry out formalities related to the Shareholders' Meeting.

Extraordinary Shareholders' Meeting

Employee savings and employee share ownership

Wendel manages its employee share ownership policy with the aim of limiting the dilutive effect for shareholders.

Group Savings Plan

The purpose of the **19th resolution** is to grant, for a period of fourteen months, a delegation of authority to the Executive Board to increase the share capital for a maximum nominal amount of €150,000, in favor of the Group's employees and corporate officers who are members of the Group Savings Plan or of the International Group Savings Plan, subject to the prior authorization of the Supervisory Board.

In accordance with the legislation in force, the subscription price of new shares shall not be higher than the average closing share price for the twenty (20) trading days prior to the date of the Executive Board's decision setting the opening date of the subscription, nor more than 30% lower than this average or less than any other upper limit that may be set by law.

The previous delegation of authority with the same purpose, granted by the Shareholders' Meeting of July 2, 2020, was implemented by the Executive Board in September 2020. The operation was a success among the beneficiaries and 36,811 shares were subscribed. Employee share ownership through the Group Savings Plan represented 0.7% of the share capital as of December 31, 2020.

Grant of stock subscription and/or purchase options and free shares

The purpose of the **20th** and **21st resolutions** is to authorize the Executive Board, for a period of 14 months, to grant share subscription or purchase options, and free shares, to employees and corporate officers, up to a total limit of 1% of the share capital.

The price of the options will be set in accordance with legal and regulatory provisions, without any discount.

The exercise of all or part of the options granted and the definitive vesting of all or part of the free shares granted to beneficiaries - with the exception of those granted to members of the Executive Board whose plan is specific (see below) - will be subject to the satisfaction of presence and/or performance conditions determined by the Executive Board.

It is also expected that:

- the period during which the options may be exercised will start at least three (3) years from their grant date and may not exceed ten (10) years from their grant date;
- the grant of free shares to their beneficiaries will become definitive at the end of a vesting period, the length of which will be determined by the Executive Board and which may not be less than three (3) years.

For members of the Executive Board, the following provisions apply:

- in accordance with recommendation 25.3.3 of the Afep-Medef Code:
  - the total number of shares resulting from the exercise of the options and the definitive vesting of the free shares granted may not exceed 50% of the overall limit mentioned above,
  - the total value of the options and free shares granted to the members of the Executive Board, as determined on the grant date, may not exceed the amount set by the compensation policy for members of the Executive Board (the compensation policy for 2021 sets this at, respectively, a maximum of 105% and 95% of the total amount of fixed and maximum annual variable compensation of the Chairman and the member of the Executive Board);
- the exercise of share subcription or purchase options and the definitive vesting of free shares are subject to the satisfaction of the presence, performance and holding conditions provided for by the compensation policy for members of the Executive Board in force on the grant date, as may potentially be amended subsequent to its approval in accordance with applicable regulations. For 2021, these conditions are set out in the compensation policy for members of the Executive Board, described in the report on Corporate governance of the Supervisory Board in section 2.2.1.2 of the Company's Universal Registration Document for 2020.

The Executive Board recommends shareholders' approval of all of the resolutions presented above, which are submitted to your Shareholders' Meeting.

March 10, 2021,

The Executive Board

9.5 Draft resolutions

Ordinary Shareholders' Meeting

1. Approval of the parent company financial statements for the year ended December 31, 2020;
2. Approval of the consolidated financial statements for the year ended December 31, 2020;
3. Net income allocation, dividend approval and dividend payment;
4. Approval of regulated related-party agreements entered into with certain corporate officers of the Company;
5. Approval of regulated related-party agreements entered into with Wendel-Participations SE;
6. Renewal of the term of office of Mr. Nicolas ver Hulst as member of the Supervisory Board;
7. Renewal of the term of office of Ms. Priscilla de Moustier as member of the Supervisory Board;
8. Renewal of the term of office of Ms. Bénédicte Coste as member of the Supervisory Board;
9. Appointment of Mr. François de Mitry as member of the Supervisory Board;
10. Approval of the compensation policy for the Chairman of the Executive Board;
11. Approval of the compensation policy for the member of the Executive Board;
12. Approval of the compensation policy for the members of the Supervisory Board;
13. Approval of the information relating to the compensation previously paid or awarded to the members of the Executive Board and to the members of the Supervisory Board, in accordance with Article L. 22-10-9 I of the French Commercial Code;
14. Approval of the compensation items paid during or awarded for the year ended December 31, 2020 to Mr. André François-Poncet, as Chairman of the Executive Board;
15. Approval of the compensation items paid during or awarded for the year ended December 31, 2020 to Mr. David Darmon, as a member of the Executive Board;
16. Approval of the compensation items paid during or awarded for the year ended December 31, 2020 to Mr. Bernard Gautier, as a member of the Executive Board up to September 9, 2019;
17. Approval of the compensation items paid during or awarded for the year ended December 31, 2020 to Mr. Nicolas ver Hulst, as Chairman of the Supervisory Board;
18. Authorization given to the Executive Board to purchase Company shares;

Extraordinary Shareholders' Meeting

19. Delegation of authority granted to the Executive Board to increase the share capital through the issue of shares or securities giving access to the share capital reserved for members of the Group Savings Plan and the international Group Savings Plan, with cancellation of preferential subscription rights in their favor;
20. Authorization given to the Executive Board to grant stock subscription or purchase options to some or all of the Company's executive corporate officers and employees, entailing the waiver by shareholders of their preferential subscription rights to the shares issued on exercise of the options;
21. Authorization given to the Executive Board to grant free shares to some or all of the Company's executive corporate officers and employees, entailing the waiver by shareholders of their preferential subscription rights to the shares to be issued;

Ordinary Shareholders' Meeting

22. Powers for legal formalities.

A. Resolutions pertaining to the Ordinary Shareholders' Meeting

First resolution

(Approval of the parent company financial statements for the year ended December 31, 2020)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed:

- the Executive Board's management report for the 2020 fiscal year and the Supervisory Board's observations; and
- the Statutory Auditors' report on the financial statements;

approves the parent company financial statements for the fiscal year beginning on January 1, 2020 and ending on December 31, 2020, as presented by the Executive Board, which show net loss of €26,613,226.98, as well as the transactions presented in these statements or described in these reports.

Second resolution

(Approval of the consolidated financial statements for the year ended December 31, 2020)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed:

- the Executive Board's management report for the 2020 fiscal year and the Supervisory Board's observations; and
- the Statutory Auditors' report on the consolidated financial statements;

approves the consolidated financial statements for the fiscal year beginning on January 1, 2020 and ending on December 31, 2020, as presented by the Executive Board, with net loss, Group share, of €264.1 million, as well as the transactions presented in these statements or described in these reports.

Third resolution

(Net income allocation, dividend approval and dividend payment)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, on the proposal of the Executive Board approved by the Supervisory Board,

1. decides to allocate:
   - the loss for the 2020 fiscal year amounting to €26,613,226.98,
   - the "Retained earnings" account amounting to €4,412,136,470.95,
   - constituting a distributable profit of €4,385,523,243.97,

   as follows:
   - to the shareholders, an amount of €129,685,445.10,
   - representing a net dividend of €2.90 per share,
   - to other reserves an amount of €0,
   - for the balance, to the "Retained earnings" account, an amount of €4,255,837,798.87;
2. decides that the ex-dividend date shall be July 1, 2021, and that the dividend shall be paid on July 5, 2021;
3. decides that the dividend that cannot be paid to Wendel treasury shares shall be allocated to "Retained earnings" account and that the amounts required to pay the dividend described above on shares resulting from the exercise of stock options or purchase options before the ex-dividend date shall be deducted from the "Retained earnings" account;
4. notes that, in accordance with Article 243 *bis* of the French General Tax Code, the dividends paid out for the past three fiscal years were:

Fiscal year	Dividends distributed	Net dividend per share
2017	€120,533,516.90	€2.65
2018	€129,585,794.80	€2.80
2019	€125,110,462.40	€2.80

For individuals whose tax residence is France, the gross dividend is subject either to a flat-rate tax on the gross dividend at the rate of 12.8% (Article 200 A of the French General Tax Code) or to a progressive tax rate applied after an allowance of 40% (under Article 200 A, 2. and 158-3 2° of the French General Tax Code). The dividend is also subject to withholding of 17.2% for social contributions.

Fourth resolution

(Approval of regulated related-party agreements entered into with certain corporate officers of the Company)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, having heard the Statutory Auditors' special report on agreements governed by Articles L. 225-38 *et seq.* and L. 225-86 *et seq.* of the French Commercial Code, notes the content of the report and approves the agreements entered into with certain corporate officers of the Company during the fiscal year ended December 31, 2020 and at the beginning of the 2021 fiscal year, mentioned in this report and submitted for approval.

Fifth resolution

(Approval of regulated related-party agreements entered into with Wendel-Participations SE)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, hhaving heard the Statutory Auditors' special report on agreements governed by Articles L. 225-38 *et seq.* and L. 225-86 *et seq.* of the French Commercial Code, notes the content of the report and approves the agreements entered into with Wendel-Participations SE during the fiscal year ended December 31, 2020 and at the beginning of the 2021 fiscal year, mentioned in the said report and submitted for approval.

Sixth resolution

(Renewal of the term of office of Mr. Nicolas ver Hulst as member of the Supervisory Board)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, notes that Mr. Nicolas ver Hulst's term of office as member of the Supervisory Board expires at the end of this Meeting and resolves to renew this term of office for a period of four (4) years ending at the Ordinary Shareholders' Meeting called in 2025 to approve the financial statements for the fiscal year ending on December 31, 2024.

Seventh resolution

(Renewal of the term of office of Ms. Priscilla de Moustier as member of the Supervisory Board)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, notes that Ms. Priscilla de Moustier's term of office as member of the Supervisory Board expires at the end of this Meeting and resolves to renew this term of office for a period of four (4) years ending at the Ordinary Shareholders' Meeting called in 2025 to approve the financial statements for the fiscal year ending on December 31, 2024.

Eighth resolution

(Renewal of the term of office of Ms. Bénédicte Coste as member of the Supervisory Board)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, notes that Ms. Bénédicte Coste's term of office as member of the Supervisory Board expires at the end of this Meeting and resolves to renew this term of office for a period of four (4) years ending at the Ordinary Shareholders' Meeting called in 2025 to approve the financial statements for the fiscal year ending on December 31, 2024.

Ninth resolution

(Appointment of Mr. François de Mitry as member of the Supervisory Board)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, decides to appoint Mr. François de Mitry as member of the Supervisory Board for a term of four (4) years expiring at the Ordinary Shareholders' Meeting called in 2025 to approve the financial statements for the year ending on December 31, 2024.

Tenth resolution

(Approval of the compensation policy for the Chairman of the Executive Board)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the report of the Supervisory Board on Corporate governance prepared in accordance with Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 22-10-26 II of the French Commercial Code, the compensation policy applicable to the Chairman of the Executive Board, as presented in this report (sections 2.2.1.1 and 2.2.1.2 of the 2020 Universal Registration Document, pages 103 to 112).

Eleventh resolution

(Approval of the compensation policy for the member of the Executive Board)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the report of the Supervisory Board on Corporate governance prepared in accordance with Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 22-10-26 II of the French Commercial Code, the compensation policy applicable to the member of the Executive Board, as presented in this report (sections 2.2.1.1 and 2.2.1.2 of the 2020 Universal Registration Document, pages 103 to 112).

Twelfth resolution

(Approval of the compensation policy for the members of the Supervisory Board)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the report of the Supervisory Board on Corporate governance prepared in accordance with Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 22-10-26 II of the French Commercial Code, the compensation policy applicable to members of the Supervisory Board, as presented in this report (sections 2.2.1.1 and 2.2.1.3 of the 2020 Universal Registration Document, pages 103, 104 and 112).

Thirteenth resolution

(Approval of the information relating to the compensation previously paid or awarded to the members of the Executive Board and to the members of the Supervisory Board, in accordance with Article L. 22-10-9 I of the French Commercial Code)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the report of the Supervisory Board on Corporate governance prepared in accordance with Article L. 225-68 of the French Commercial Code, approves, pursuant to Article L. 22-10-34 I of the French Commercial Code, the information referred to in Article L. 22-10-9 I of the French Commercial Code (section 2.2.2 of the 2020 Universal Registration Document, pages 113 to 128).

Fourteenth resolution

(Approval of the compensation items paid during or awarded for the year ended December 31, 2020 to Mr. André François-Poncet, as Chairman of the Executive Board)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the report of the Supervisory Board on Corporate governance, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional items making up the total compensation and any benefits of all kinds paid during or awarded in respect of the fiscal year ended December 31, 2020 to Mr. André François-Poncet, in his capacity as Chairman of the Executive Board, as presented in this report (section 2.2.3 of the 2020 Universal Registration Document, pages 129 to 131).

Fifteenth resolution

(Approval of the compensation items paid during or awarded for the year ended December 31, 2020 to Mr. David Darmon, as a member of the Executive Board)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the report of the Supervisory Board on Corporate governance, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional items making up the total compensation and benefits of all kinds paid during or awarded in respect of the fiscal year ended December 31, 2020 to Mr. David Darmon, in his capacity as Member of the Executive Board, as presented in this report (section 2.2.3 of the 2020 Universal Registration Document, pages 129, 132 and 133).

Sixteenth resolution

(Approval of the compensation items paid during or awarded for the year ended December 31, 2020 to Mr. Bernard Gautier, as a member of the Executive Board up to September 9, 2019)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the report of the Supervisory Board on Corporate governance, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional items making up the total compensation and benefits of all kinds paid during or awarded in respect of the fiscal year ended December 31, 2020 to Mr. Bernard Gautier, in his capacity as Member of the Executive Board up to September 9, 2019, as presented in this report (section 2.2.3 of the 2020 Universal Registration Document, pages 129 and 134).

Seventeenth resolution

(Approval of the compensation items paid during or awarded for the year ended December 31, 2020 to Mr. Nicolas ver Hulst, as Chairman of the Supervisory Board)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, having reviewed the report of the Supervisory Board on Corporate governance, approves, pursuant to Article L. 22-10-34 II of the French Commercial Code, the fixed, variable and exceptional items making up the total compensation and benefits of all kinds paid during or awarded in respect of the fiscal year ended December 31, 2020 to Mr. Nicolas ver Hulst Chairman of the Supervisory Board, as presented in this report (section 2.2.3 of the 2020 Universal Registration Document, pages 129 and 135).

Eighteenth resolution

(Authorization given to the Executive Board to purchase Company shares)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, on the proposal of the Executive Board approved by the Supervisory Board pursuant to Article 15-V of the by-laws,

- having reviewed the Executive Board's report;
- in accordance with the provisions of Articles L. 22-10-62 *et seq.* of the French Commercial Code, Regulation (EU) 596/2014 of the European Parliament and of the Council of April 16, 2014 on market abuse, Delegated Regulation (EU) 2016/1052 of the Commission of March 8, 2016 on the conditions applicable to share buyback programs and stabilization measures, the General Regulations of the *Autorité des marchés financiers*, Articles 241-1 *et seq.*, as well as any other provisions that may become applicable;

1. authorizes the Executive Board, with the power to sub-delegate as provided for by law, to buy back shares of the Company within the following limits:
   - the number of shares purchased by the Company during the term of the buyback program does not exceed 10% of the shares comprising the share capital of the Company at any time, with said percentage applying to share capital adjusted based on the transactions affecting it subsequent to this Meeting, *(i.e.* on the basis of the share capital as of December 31, 2020, 4,471,911 shares), it being specified that in accordance with the law, (i) if shares are redeemed to increase liquidity under the conditions defined by the AMF General Regulation, the number of shares taken into account for the calculation of that limit of 10% corresponds to the number of shares purchased, minus the number of shares sold during the term of the authorization, and (ii) if the shares are acquired by the Company for the purpose of the retention thereof and subsequent delivery for payment or exchange during an external growth operation, the number of shares acquired may not exceed 5% of its share capital,
   - the number of shares held by the Company at any time shall not exceed 10% of the Company's share capital at the date under consideration;
2. decides that the Company's shares, within the limits defined above, may be purchased for the following purposes:
   - to enable an investment service provider to make operations on a secondary market or maintain the liquidity thereof within the framework of a liquidity contract in compliance with market practices approved by the AMF (*Autorité des marchés financiers*),
   - to implement stock purchase option plans as defined in Articles L. 225-177 *et seq.* and L. 22-10-56 *et seq.* of the French Commercial Code,
   - to allocate free shares pursuant to Articles L. 225-197-1 *et seq.* and L. 22-10-59 *et seq.* of the French Commercial Code,
   - to deliver shares on the occasion of the exercise of rights attached to securities giving access to the Company's share capital immediately or at a later date,
   - to retain them pending a delivery of shares (as an exchange, payment or other consideration) in the context of acquisitions, mergers, spin-offs or asset contributions, subject to prior authorization by the Supervisory Board,
   - to allocate or sell shares as part of the Group's profit sharing program and any Group savings plan as provided for by law, in particular Articles L. 3332-1 *et seq.* of the French Labor Code,
   - to cancel all or part of the shares thus purchased, subject to the prior authorization of the Supervisory Board, in the context of the authorization of the Shareholders' Meeting.

   this program is also intended to allow the Company to pursue any other purpose that has been or may be authorized by legislation or regulations in force, or by any market practice that may be admitted by the AMF, in such a case, the Company would inform its shareholders by means of a press release;
3. decides that the acquisition, disposal or transfer of shares may, subject to the applicable legal and regulatory restrictions, be performed at any time and by any means on the regulated market of Euronext Paris or elsewhere, including by:
   - block transfers,
   - public offers (purchase, sale or exchange),
   - use of any financial instruments or derivatives,
   - creation of optional instruments,
   - conversion, exchange, redemption, delivery of shares following the issue of securities giving future access to the Company's share capital, or
   - in any other way, either directly or indirectly through an investment services provider;
4. sets the maximum purchase price at €250 per share (excluding brokerage fee) (representing, on an indicative basis, a total maximum share buyback amount of €1,117,977,750 on the basis of 4,471,911 shares corresponding to 10% of the share capital as of December 31, 2020), and give full power to the Executive Board to adjust this purchase price, in the event of transactions on the Company's capital, in order to take into account the impact of these transactions on the value of the shares;

5. decides that the Executive Board may not, without the prior authorization of the Shareholders' Meeting, use this delegation from the date of the announcement by a third party of a public offer for the Company's securities until the end of the offer period;
6. gives full power to the Executive Board, with the power to sub-delegate, without this list being exhaustive, to decide and implement this authorization, to specify, where necessary, the terms and procedures, to carry out the share buyback program, and in particular to trade in the stock market, enter into any agreements, facilitate the recording of purchases and sales in stock market registers, inform the shareholders under the conditions provided for by the laws and regulations in force, make any disclosures including to the *Autorité des marchés financiers*, carry out any formalities, and, generally, do what is required for the application of this authorization;
7. decides that this authorization, which terminates, for their unused amounts, any previous authorization of the same nature, shall be valid for a period of fourteen (14) months from the date of this Shareholders' Meeting.

B. Resolutions pertaining to the Extraordinary Shareholders' Meeting

Nineteenth resolution

(Delegation of authority granted to the Executive Board to increase the share capital through the issue of shares or securities giving access to the share capital reserved for members of the Group Savings Plan and the international Group Savings Plan, with cancellation of preferential subscription rights in their favor)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Extraordinary Shareholders' Meetings:

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors; and
- pursuant to Articles L. 225-129, L. 225-129-2, L. 225-129-6, L. 225-138-1, and L. 22-10-49 of the French Commercial Code and Articles L. 3332-18 *et seq.* of the French Labor Code;

1. delegates to the Executive Board, with the power to sub-delegate as provided for by law, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, the authority to increase the share capital, on one or more occasions, through the issue of shares or securities giving access to the capital, reserved for members of one or more company savings plans implemented within the Group;
2. decides to set at €150,000 the maximum aggregate nominal amount of capital increases that may be carried out by virtue of this delegation;
3. decides to cancel, in favor of members of one or more company savings plans implemented within the Group, shareholders' preferential subscription right to securities issued under this delegation;
4. decides that the subscription price of new shares, set by the Executive Board in accordance with Article L. 3332-19 of the French Labor Code, shall not be higher than the average closing share price for the twenty (20) trading days prior to the date of the Executive Board decision setting the opening date of the subscription, nor more than 30% lower than this average or less than any other upper limit that may be set by law;
5. authorizes the Executive Board to allocate, free of consideration, to the members of one or more company savings plans implemented within the Group, in addition to the shares or securities giving access to the share capital to be subscribed in cash, shares or securities giving access to share capital already issued, in full or partial substitution for the discount set by the Executive Board and/or as a matching contribution, with the stipulation that the resulting benefit from this allocation may not exceed the applicable legal or regulatory limits defined in Articles L. 3332-11 and L. 3332-19 *et seq.* of the French Labor Code;
6. gives the Executive Board full powers, with the power to sub-delegate as provided for by law, to implement this authorization with a view to, in particular, but not restricted to:
   - determining the companies or corporate Groups whose employees may subscribe or receive the shares or securities allocated by virtue of this resolution,
   - deciding that shares or securities may be subscribed or acquired directly by the beneficiaries, members of a company savings plan implemented within the Group or through mutual funds or other structures or entities authorized by applicable legal or regulatory provisions,
   - deciding the amount to be issued or sold, setting the issue price in accordance with the terms and limits set by the legislation in force and the terms of payment, approving the dates, terms and conditions of the issues to be carried out under this delegation,
   - setting the date from which ownership rights on the new shares shall take effect, setting the period within which payment must be made within the maximum period set by the legal and regulatory provisions in force, as well as, if applicable, the required length of service for beneficiaries to participate in the transaction and benefit from the Company's contribution,

- in the event of the allocation, free of consideration, of shares or securities giving access to the share capital, setting the number of the shares or securities giving access to capital to be issued, the number to be allocated to each beneficiary and setting the dates, time periods, terms and conditions of the allocation of these shares or securities giving access to the share capital within the legal and regulatory limits in force and, notably, choosing to allocate these shares or securities giving access to the share capital in full or partial substitution for the discount decided by the Executive Board, or to apply the value of these shares or securities to the total of the matching contribution or to combine the two possibilities,
- charging, if applicable, costs against share premiums, notably issue expenses, and deducting from this amount the sums required to raise the legal reserve,
- recognizing the amount of the capital increase or increases resulting from any issue carried out under this delegation and amending the by-laws accordingly, and
- generally, taking all appropriate steps and entering into any agreements in order to ensure the successful completion of the planned transactions;

7. decides that this delegation, which terminates any previous delegation of the same nature, shall be valid for a period of fourteen (14) months from the date of this Shareholders' Meeting.

Twentieth resolution

(Authorization given to the Executive Board to grant stock subscription or purchase options to some or all of the Company's executive corporate officers and employees, entailing the waiver by shareholders of their preferential subscription rights to the shares issued on exercise of the options)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Extraordinary Shareholders' Meetings,

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors; and
- pursuant to Articles L. 225-177 *et seq.* and Articles L. 22-10-56 *et seq.* of the French Commercial Code;

1. authorizes the Executive Board to grant, on one or more occasions, stock subscription options, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, and/or stock purchase options in the Company, in favor of individuals that it shall designate – or have designated – from among the executive corporate officers described in Article L. 225-185 of the French Commercial Code and employees of the Company or of companies or corporate Groups related to it as defined by Article L. 225-180 of the French Commercial Code;
2. decides that the number of shares available to be vested or subscribed through the exercise of options granted under this authorization shall not exceed 1% of the existing share capital on the date the options are granted, not taking into account any adjustments that may be made to preserve the rights of the beneficiaries of said options; it being specified that the number of shares granted under the twentieth-first resolution of this Shareholders' Meeting shall be deducted from this ceiling;
3. decides that the total number of shares that may be acquired or subscribed by the members of the Executive Board through the exercise of the options granted under this authorization to the members of the Executive Board may not exceed 50% of the ceiling mentioned in the previous paragraph; it being specified that in any event, the total value of the options granted to members of the Executive Board, combined with that of the free shares referred to in the twenty-first resolution and as determined on their grant date, may not exceed the limit - expressed in proportion of their compensation - set by the compensation policy for the members of the Executive Board;
4. decides that the Executive Board may amend its initial choice between stock subscription and stock purchase options, if the option-exercise period has not yet begun; should the Executive Board amend its choice in favor of stock subscription options, it must obtain the prior approval of the Supervisory Board, in application of Article 15-V of the by-laws;
5. duly notes that, in accordance with the provisions of Article L. 225-178 of the French Commercial Code, this authorization includes an express waiver by shareholders of their preferential rights to subscribe to any shares to be issued as these options are exercised, for option beneficiaries;
6. notes that the exercise of all or part of the options granted to the beneficiaries - with the exception of those granted to members of the Executive Board whose plan is specific (see below) - will be subject to the satisfaction of presence and/or performance conditions determined by the Executive Board;
7. notes that in the event of a grant of options to the members of the Executive Board, the exercise of the options will be subject to the satisfaction of the presence, performance and holding conditions provided for by the compensation policy for the members of the Executive Board in force on the grant date, as may potentially be amended subsequent to its approval in accordance with applicable regulations;
8. decides that the options to be granted under this authorization shall be subject to disclosure in the form of a special report of the Executive Board to the Shareholders' Meeting, in accordance with legal and regulatory provisions in force;

9. gives the Executive Board full powers to implement this authorization with a view to, in particular, but not restricted to:
   - setting the conditions for the exercise of options by employees and in particular (i) the period(s) to exercise the options thus granted, it being specified that the period during which these options may be exercised will start at least three (3) years from their grant date and may not exceed ten (10) years from their grant date and (ii) the presence and/or performance conditions,
   - determining the dates of each allocation,
   - determining the subscription price for new shares and the purchase price for existing shares, it being specified that this share subscription or purchase price will be set in accordance with the legal and regulatory provisions in force on the date on which the options are granted, without however being lower than the average closing share price of the twenty (20) trading days prior to the date of the price setting nor, as regards to stock purchase options, the average purchase price of treasury shares held by the Company,
   - setting the list or categories of beneficiaries of the options,
   - taking the necessary measures to protect the interests of the beneficiaries in order to take into account any financial transactions that may occur before the options are exercised,
   - approving the rules of the option plan and, as the case may be, amending it following the grant of options,
   - providing for the possibility of temporarily suspending the exercise of options in accordance with legal and regulatory provisions for a maximum of three (3) months in the event that financial transactions are carried out involving the exercise of rights attached to the shares,
   - recording, if appropriate, for each capital transaction, the number and total value of the shares issued during the year as a result of the exercise of options,
   - charging, if applicable, costs against share premiums, notably issue expenses, and deducting from this amount the sums required to raise the legal reserve,
   - recognizing the amount of the capital increase or increases resulting from any issue carried out under this authorization and amending the by-laws accordingly, and
   - generally, taking all appropriate steps and entering into any agreements in order to ensure the successful completion of the planned transactions;
10. decides that this authorization, which terminates any previous authorizations of the same nature, shall be valid for a period of fourteen (14) months from the date of this Shareholders Meeting.

Twenty-first resolution

(Authorization given to the Executive Board to grant free shares to some or all of the Company's executive corporate officers and employees, entailing the waiver by shareholders of their preferential subscription rights to the shares to be issued)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Extraordinary Shareholders' Meetings:

- having reviewed the report of the Executive Board and the special report of the Statutory Auditors; and
- pursuant to Articles L. 225-197-1 *et seq.* and L. 22-10-59 *et seq.* of the French Commercial Code;

1. authorizes the Executive Board to grant, on one or more occasions, existing performance shares or, subject to the prior approval of the Supervisory Board in application of Article 15-V of the by-laws, performance shares to be issued, in favor of employees or corporate officers of the Company described in paragraph II of Article 225-197-1 of the French Commercial Code, or employees and corporate officers of companies or corporate Groups related to it as defined by Article L 225-197-2 of the French Commercial Code;
2. decides that the total number of shares, whether existing or to be issued, that may be granted under this authorization shall not exceed 1% of the existing share capital on the date the shares are granted, not taking into account any adjustments that may be made to preserve the rights of the beneficiaries of said shares; it being specified that the number of shares granted shall be deducted from the maximum number of shares that may be issued in the framework of the twentieth resolution of this Shareholders' Meeting;
3. decides that the total number of shares that may be allocated to the members of the Executive Board may not exceed 50% of the ceiling mentioned in the previous paragraph; it being specified that in any event, the total value of the free shares granted to the members of the Executive Board, combined with that of the options referred to in the twentieth resolution and as determined on their grant date, may not exceed the limit - expressed in proportion of their compensation - set by the compensation policy for the members of the Executive Board;
4. decides that, subject to legal exceptions:
   - the allocation of shares to their beneficiaries will become definitive at the end of a vesting period, the length of which will be determined by the Executive Board and which may not be less than three (3) years,
   - the Executive Board may set a period over which the beneficiaries must hold the aforementioned shares;

5. notwithstanding the provisions of the above paragraph, decides that the Executive Board may provide that the definitive allocation of the shares and the right to freely transfer them may nevertheless be acquired by a beneficiary if the latter were to be struck by one of the cases of disability covered by Article L. 225-197-1 of the French Commercial Code;
6. notes that the definitive vesting of all or part of the free shares granted to beneficiaries - with the exception of those granted to members of the Executive Board whose plan is specific (see below) - will be subject to the satisfaction of the presence and/or performance conditions determined by the Executive Board;
7. notes that in the event of a grant of free shares to the members of the Executive Board, the definitive vesting of the shares will be subject to mthe satisfaction of the presence, performance and holding conditions provided for by the compensation policy for the members of the Executive Board in force on the grant date, as may potentially be amended subsequent to its approval in accordance with applicable regulations;
8. authorizes the Executive Board to adjust the number of shares, as the case may be, during the vesting period, as a result of transactions affecting the Company's share capital, so as to protect the rights of the beneficiaries;
9. duly notes that in the case of shares to be issued, this authorization shall entail, in favor of the beneficiaries, the waiver by the shareholders of their preferential rights to subscribe to the shares whose issuance is authorized;
10. gives the Executive Board full powers to implement this authorization with a view to, in particular, but not restricted to:
    - setting the conditions and criteria for the share grants,
    - establishing the list of beneficiaries of shares or defining the category or categories of beneficiaries to receive performance shares as well as the number of shares to be awarded to each,
    - adjusting, if applicable, the number of shares granted to protect the rights of beneficiaries with regard to any transactions involving the Company's share capital, it being specified that the shares granted as a result of these adjustments shall be considered to have been distributed on the same date as the shares initially awarded,
    - determining whether bonus shares allocated will be shares to be issued and/or existing shares (in the case of shares to be issued, subject to the preapproval of the Supervisory Board pursuant to Article 15-V of the by-laws),
    - approving the rules of the bonus share plan and, as the case may be, amending it following the grant of shares,
    - in the event of the issue of new shares, charging the amounts required for the full payment of shares against reserves, profits or share premiums,
    - charging, if applicable, costs against share premiums, notably issue expenses, and deducting from this amount the sums required to raise the legal reserve,
    - recognizing the amount of the capital increase or increases resulting from any issue carried out under this authorization and amending the by-laws accordingly, and
    - generally, taking all appropriate steps and entering into any agreements in order to ensure the successful completion of the planned transactions;
11. decides that this authorization, which terminates any previous authorizations of the same nature, shall be valid for a period of fourteen (14) months from the date of this Shareholders Meeting.

C. Resolution pertaining to the Ordinary Shareholders' Meeting

Twenty-second resolution

(Powers for legal formalities)

The Shareholders' Meeting, voting under the quorum and majority conditions required for Ordinary Shareholders' Meetings, grants full powers to the bearer of copies or extracts of the minutes of these proceedings to make all declarations and carry out all registration, deposit and other formalities.

10 ADDITIONAL INFORMATION

10.1 Contracts

Shareholders' and corporate governance agreements are described in section 8.3.10 of the Universal Registration Document.

Financial contracts are described in note 6 “Managing financial risks” to the consolidated financial statements (section 6.7).

Except for these contracts and agreements, the Group does not have any significant dependence on any given patent, license, or industrial, commercial or financial contract.

10.2 Transactions with related parties

Information on related parties can be found in note 4 “Related parties” to the consolidated financial statements of the Universal Registration Document (section 6.7).

The regulated related-party agreements as defined by Articles L. 225-38 and L. 225-86 of the French Commercial Code are mentioned in the Statutory Auditors’ special report on regulated related-party agreements and commitments in section 9.1.1 of the Universal Registration Document.

10.3 Significant changes in financial condition or business status

On March 31, 2021, Wendel announced that it had signed an amendment to its €750 million undrawn syndicated loan maturing in October 2024, in order to include Environmental, Social and Governance criteria (ESG).

Measurable elements of the non-financial performance of Wendel and its portfolio companies will now be taken into account to calculate the financing cost of this syndicated loan. They are aligned with certain quantitative ESG objectives that the Group has set in its ESG 2023 transformation roadmap.

10.4 Expenses pursuant to Articles 39-4 and 112 *quater* of the French Tax Code

2014	Wendel's expenses pursuant to Articles 39-4 and 112 *quater* of the French Tax Code amounted to:	**11,434€**
2015	Wendel's expenses pursuant to Articles 39-4 and 112 *quater* of the French Tax Code amounted to:	**7,482€**
2016	Wendel's expenses pursuant to Articles 39-4 and 112 *quater* of the French Tax Code amounted to:	**19,340€**
2017	Wendel's expenses pursuant to Articles 39-4 and 112 *quater* of the French Tax Code amounted to:	**21,499€**
2018	Wendel's expenses pursuant to Articles 39-4 and 112 *quater* of the French Tax Code amounted to:	**4,568€**
2019	Wendel's expenses pursuant to Articles 39-4 and 112 *quater* of the French Tax Code amounted to:	**3,923€**
2020	Wendel's expenses pursuant to Articles 39-4 and 112 *quater* of the French Tax Code amounted to:	**3,923€**

10.5 Suppliers & customers

In 2020

Pursuant to Article D. 441-4 of the French Commercial Code, the breakdown of the payment terms of the Company's suppliers and customers shows that 9 invoices received were past due on the closing date of the fiscal year and totaled €7,000 (incl. VAT), representing 0,04% of all invoices for purchases (incl. VAT) and no invoices issued were past due at the closing date of the fiscal year.

Customer invoices were past due by more than 60 days for four invoices amounting to €33,000 and 16 supplier invoices were more than 60 days past due, representing a total of €67,000 (incl. tax).

No supplier or customer invoices were disputed or unrecognized.

10.6 Persons responsible for the Universal Registration Document and the audit of financial statements

10.6.1 Person responsible for financial information

Jérôme Michiels, Executive Vice-President in charge of Finance

Tel.: +33 (0)1 42 85 30 00

E-mail: j.michiels@wendelgroup.com

10.6.2 Person responsible for the Universal Registration Document including the annual financial report

I hereby certify that the information contained in this Universal Registration Document is, to the best of my knowledge, consistent with the facts and does not contain any omissions that could alter its scope.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and present a true and fair view of the assets, financial position and results of the Company and of its consolidated Group of companies and that the management report (for which the cross-reference table appears in section 10.7.3) presents a true and fair picture of the business, results and financial condition of the Company and of its consolidated Group of companies, and describes the main risks and uncertainties to which they are exposed.

Paris, April 15, 2021

André François-Poncet,

Chairman of the Executive Board

10.6.3 Persons responsible for the audit of the financial statements and their fees

10.6.3.1 Statutory Auditors

Ernst & Young Audit represented by Jacques Pierres

Member of the *Compagnie régionale des Commissaires aux comptes* of Versailles.

Tour First – 1/2, place des Saisons – 92400 Courbevoie-Paris-La Défense 1, France

Date appointed to first term: Combined Shareholders' Meeting of November 15, 1988 (formerly named Castel Jacquet et Associés)

Appointment last renewed: Shareholders' Meeting of May 16, 2019

Term of office: 6 fiscal years

Current term of office ends: Shareholders' Meeting convened to approve the financial statements for the 2024 fiscal year

Deloitte Audit represented by Mansour Belhiba

Member of the *Compagnie régionale des Commissaires aux comptes* of Versailles.

Tour Majunga – 6 place de la Pyramide – 92908 Paris-La Défense

Date first appointed: Shareholders' Meeting of May 16, 2019

Term of office: 6 fiscal years

Current term of office ends: Shareholders' Meeting convened to approve the financial statements for the 2024 fiscal year

10.6.3.2 Fees paid by the Group to the Statutory Auditors and members of their networks

The fees paid to the Statutory Auditors and members of their networks are presented in note 36 to the 2020 consolidated financial statements presented in this Universal Registration Document (section 6.11).

10.7 Cross-reference tables

10.7.1 Cross-reference table for the Universal Registration Document

The following cross-reference table identifies the principal categories of information required under Appendices 1 and 2 of European Regulation 2019/980 of March 14, 2019, supplementing European Regulation 2017/1129 of June 14, 2017, and refers to the corresponding pages of this Universal Registration Document.

Categories of Appendices 1 and 2 to European Regulation 2019/980

This Universal Registration Document has been filed with the French Market Authorities (Autorité des marchés financiers – AMF), as a competent authority under Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of said Regulation. The Universal Registration Document may be used for the purposes of a public offer of financial securities or the admission of financial securities to trading on a regulated market if it is supplemented by a securities note and, where applicable, a summary and any amendments made to the Universal Registration Document. The resulting document is then approved by the AMF in accordance with EU Regulation 2017/1129.

10.7.2 Cross-reference table for the annual financial report

This Registration Document includes all the items of the annual financial report mentioned in chapter I from Article L. 451-1-2 of the French Monetary and Financial Code and in Article 222-3 of the AMF's General Regulations.

The following table shows the sections of the Universal Registration Document corresponding to the various chapters of the annual financial report.

Annual financial report	Pages
Parent company financial statements	328 to 329, 416 to 436
Consolidated financial statements of the Group	322 to 327, 338 to 408
Management report (refer to the cross-reference table in this report 10.7.3)	-
Statement by the person responsible for the annual financial report	502
Statutory Auditors' report on the parent company financial statements	437 to 440
Statutory Auditors' report on the consolidated financial statements	409 to 414
Report of the Supervisory Board on Corporate governance (refer to the cross-reference table in this report 10.7.4)	-

10.7.3 Cross-reference table of the Executive Board's management report

The following cross-reference table identifies the main information required by Articles L. 225-100 *et seq.*, L. 232-1, II and R. 225-102 of the French Commercial Code and refers to the corresponding pages of this Universal Registration Document.

Executive Board's report	Pages
Activity report	
Financial condition and business activities of the Company in the past fiscal year	40 to 60, 322 to 334
Earnings and business activities of the Company, its subsidiaries and the companies it controls	40 to 60, 322 to 329
Key financial performance indicators	38,39, 322, 325, 330, 331, 442, 443, 449
Analysis of changes in business, earnings and financial condition	322 to 334
Significant events occurring between the balance-sheet date and publication of the management report	408, 435, 500
Trends and outlook	36 to 39, 40 to 60
Research and development activities	40 to 60, 395
Changes to the presentation of annual financial statements and valuation methods	332 to 334, 346 to 353, 422, 423
Description of principal risks and uncertainties	138 to 149, 176 to 195, 361 to 367, 385, 386, 427
Financial risks related to the effects of climate change and measures to reduce them	196 to 201
Internal control and risk management procedures	150 to 162
Information on "high threshold" Seveso installations	N/A
Information on the use of financial instruments	361 to 367, 429
Investments made in the three previous fiscal years	463
Acquisitions during the year of significant or controlling interests in companies whose registered office is in France	N/A
Names of controlled companies and the amount of the Company's equity stake	408
Business activity of the Company's subsidiaries and companies controlled by it	40 to 60, 408
Existing branches	N/A
Social, environmental and societal information	
Information on the manner in which the Company handles the corporate social and environmental consequences of its business activities and NFS	165 to 198
Independent verifier report on NFPS compliance	317 to 319
Information on Vigilance plan implementation	173, 240 to 245, 282 to 284, 274, 275, 312 to 313
Information concerning the share capital	
Shareholding structure and changes thereto during the fiscal year	449, 451, 452
Buyback and sale by the Company of its own shares	384, 455 to 457
Transactions on Company shares by executive managers and individuals who are closely related to them	458
Employee participation in share capital	188, 189, 449, 451
Information on stock subscription options awarded to corporate officers and employees	109, 118 to 120, 188 to 189
Obligation for executives to hold shares obtained through stock option or bonus share plans	101, 108
Elements of calculation and results of the adjustment of the translation bases and conditions of subscription or exercise of securities giving access to the capital or subscription or purchase options	N/A
Information on allocation of free shares to corporate officers and employees	109, 120 to 123, 188 to 189
Summary of valid authorizations to increase capital and their use during the fiscal year	454, 455
Disposal of shares to reduce cross holdings	N/A

Executive Board's report	Pages
Other information	
Amount of dividends and other distributed income paid in the three previous fiscal years	436, 443, 490
Expenses described in Articles 39-4 and 223 *quater* of the French Tax Code	501
Breakdown of the Company's supplier and customer payment terms	501
Five-year financial summary	436
Injunctions or financial penalties for anti-competitive practices	N/A
Amount of loans granted under Article L. 511-6 of the French Monetary and Financial Code	N/A

10.7.4 Cross-reference table of the report of the Supervisory Board on Corporate governance

The following cross-reference table identifies the main information required by Article L. 22-10-20 of the French Commercial Code and refers to the corresponding pages of this Universal Registration Document.

Report of the Supervisory Board on Corporate governance	
Procedures for the exercise of executive management	62 to 94
List of appointments and positions held in any company by each corporate officer	67 to 80 and 92, 93
Agreements between a director or significant shareholder and a subsidiary	102
Valuation procedure for related-party agreements and current agreements	101, 102
Delegations of power and authorizations granted by the General Meeting to the Executive Board in connection with capital increases	454, 455
Compensation policy for corporate officers	103 to 112
Information relating to the compensation of corporate officers pursuant to Article L. 22-10-9	113 to 128
Information on factors likely to have an impact in the event of a takeover offer	460
Composition of the Board and the preparation and organization of its proceedings	62 to 89
Gender equality in the Board and description of the diversity policy applied within the Board	64, 65
Description of the provisions of the Afep-Medef Code whose application is ruled out	91
Special terms and conditions relating to the participation of shareholders in the General Meeting	464
Observations of the Supervisory Board	485

10.8 Glossary

Financial and extra-financial glossary

The definitions below are specific to the Wendel Group's activity.

Term	Definition
Co-investment	Mechanism enabling key managers to personally invest in portfolio assets
Due diligence	All checks and analyses carried out by an investor during the review of a proposed investment.
EBIT	EBIT, or operating income, refers to net earnings before interest and taxes.
EBITDA	EBITDA, or gross operating income, refers to net earnings before interest, taxes, depreciation and amortization.
Exercisable voting rights	Real number of voting rights excluding shares without voting rights (treasury shares).
Financial covenant	Various commitments of the borrower to its lender(s). These commitments generally relate to compliance with financial ratios.
Financial credit ratings	The rating agencies (Standard & Poor's and Moody's in the specific case of Wendel) assign, after a detailed analysis on the basis of respective methodologies for the business segment, a financial rating to assess the credit quality of the issuer and the level of risk associated with the borrower's debt instruments.
Financial ratings	The rating agencies (Standard & Poor's and Moody's in the specific case of Wendel) assign, after a detailed analysis on the basis of respective methodologies, a financial rating to assess the credit quality of the issuer and the level of risk associated with the borrower's debt instruments.
GHG	Greenhouse gases
Gross debt	Total Company financial debt.
ILO	International Labor Organization
Internal rate of return on equity	The IRR measures the profitability of capital invested by shareholders in a project.
Investment grade	Category of credit rating that indicates the high quality of the debt issuer. Investment grade ratings range from AAA to BBB- according to Standard & Poor's scale.
ITO	Independent third-party organization - Organization verifying the mandatory social and environmental information.
KPIs	Key Performance Indicators
Loan-to-Value Ratio	Ratio of Wendel's net debt to gross assets excluding cash and cash equivalents.
NAV	See Net Asset Value.
Net Asset Value	The Wendel Group's principal performance indicator. Valuation of the Group's assets (total assets less borrowings and other liabilities) at a specific date. The calculation method for Net Asset Value is presented in section 4.3.2.
Net Asset Value per share	Net Asset Value divided by the total number of shares comprising Wendel's equity at the valuation date.
Net debt	Gross financial debt minus available cash and cash equivalents and short-term financial investments.
Net income from operations	Net income from operating segments is the Group's "recurring" income. It consists of net income from investments and from holding companies and excludes non-recurring items and the impact of goodwill, as defined in note 6 to the consolidated financial statements.
Organic growth	Sales growth at constant structure and exchange rates.
SASB	Sustainability Accounting Standard Board, a non-profit organization to develop sustainable accounting standards
Share discount	Difference between the Company's share price and its NAV on a given date. In the NAV calculation, the share price corresponds to the average of the 20 most recent share prices before the NAV calculation date. When this figure is negative, it is referred to as a discount; when it is positive, it is referred to as a premium.
TFCD	Task Force on Climate-related Disclosures, a working group created in 2015 to make recommendations on how to report and publish the risks and opportunities related to climate change.
Theoretical voting rights	Total number of voting rights.
Total shareholder return	Total shareholder return is the rate of return on a share of stock over a given period and includes dividends received and capital gains. Dividends received are reinvested on the same date.
TSR	See Total shareholder return.

Glossary for Company businesses

Term	Definition
Beamhouse Stahl	First stages of the leather production process from a raw hide; it involves removing unwanted components from the hide and preparing the hide for tanning by soaking.
Certified Instructor - CPI	Employee of a CPI-customer company who has been trained to train other employees of their company.
CSR	Corporate Social Responsibility.
Ecolutions - Constantia Flexibles	All sustainable packaging technologies and ranges
ETI - Cromology	External thermal insulation.
Golden hand - Stahl	Highly qualified technician developing products directly with end customers
In-Mold Label (IML) – Constantia Flexibles	Refers to a label already in its injection-molded final form, by blow-molding or thermoforming on a container.
Lease Up Rate – IHS	See Tower colocation rate.
Leather finish – Stahl	Process to enhance the leather softness, improve aesthetics, neutralize odors and create, if required, a non-slippery type surface.
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.
NAFEX	Nigerian Autonomous Foreign Exchange
QHSE	Quality, Health, Safety, Environment.
REACH	REACH is a European Union regulation adopted to better protect human health and the environment against risks related to chemical substances.
Supply chain	Supply chain.
TIO 2	Titanium dioxide - Compound used in particular in paint manufacturing.
Tower colocation rate.	In the telecom tower industry, this is the average number of tenants or sites leased by operators on a telecom tower.
VOC – Cromology	Volatile organic compounds that can easily be found in gaseous form in the atmosphere. Their volatility gives them the ability to spread more or less far from their place of emission, leading to direct and indirect impacts on living beings and the environment.
Wet-End – Stahl	Includes processes to convert the raw hides into tanned hides by giving the leather specific properties (*e.g.* color, softness or waterproofness).

Photos credits: Bureau Veritas, Crisis Prevention Institute, IHS Towers, Stahl and Getty Images.
The Centre Pompidou-Metz at night, 2010 © Shigeru Ban Architects Europe and Jean de Gastines Architectes, project design by competition winner Philip Gumuchdjian / Metz Métropole / Centre Pompidou-Metz. All Contents, Ellen Coopers, Antoine Doyen and Henrike Stahl.

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