



W E N D E L

2021

Universal Registration Document

including the annual financial report



Investing *for the long term*

EXTRA-FINANCIAL INFORMATION

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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 2021 fiscal year.

Companies subject to this reporting exercise 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, 2021

Mission

Engaging with entrepreneurial teams to build sustainable leading companies

Values

Engagement
Excellence
Entrepreneurial spirit

Governance

SUPERVISORY BOARD ⁽¹⁾

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

40% independent members ⁽²⁾

50% 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 and Development Committee
Coordination Committee
ESG Steering Committee (Environment, Social, Governance)

ESG strategy

EMPOWERING EXCELLENCE & ENGAGEMENT

99% of employees trained in business ethics

Carbon footprint assessment and actions to reduce carbon footprint

Signatory of the **France Invest Parity charter**

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

Skills **sponsorship program**

42% of female managers

BUILDING SUSTAINABLE COMPANIES

100% of controlled companies have formalized an ESG roadmap

75% of controlled companies have committed to defining a carbon emissions reduction objective approved by the Science Based Targets Initiative (SBTi)

54% ⁽⁴⁾ of the Group's consolidated revenues generated via products with social and/or environmental added value

Sponsorships

Launch of the Wendel Cares endowment fund in early 2022

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

Resources

PERMANENT CAPITAL

Family shareholding

39.3% of share capital held by Wendel-Participations and related parties ⁽⁵⁾ (reference family shareholder)

Employee shareholding

91% of employees are shareholders and hold 1.0% of share capital

Individual investors

20.4% of share capital held by nearly 25,000 individuals

Institutional investors

36.9% of share capital held, in 32 countries

Treasury shares

2.4%

Bond investors

accounting for **c. €1.6 billion** of loans

HUMAN CAPITAL

86

employees located in Paris, Luxembourg and New York

57%

of staff are women

42%

of investment team members are womend'investissement

(1) The composition of the Supervisory Board is as of 12/31/2021. (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 58.3%. Beyond the legal requirements and the Afep-Medef Code.

(4) This ratio is based either on the eligibility ratio of the turnover taxonomy (for Stahl) or on other ratios measuring the contribution to environmental or social objectives other than climate change mitigation and adaptation (environmental objectives currently covered by the EU taxonomy).

Our investments

Wendel invests its capital, generally as a majority or lead shareholder, in companies that are leaders in their sectors or have the potential to become leaders. As it supports 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



IHS TOWERS
Telecoms infrastructure
Since 2013



STAHL
Coating layers and surface treatments for flexible materials
Since 2006



TARKETT
Innovative flooring and sports surface solutions
Since 2021



WENDEL LAB
Investment in innovation
Since 2013

Acquisition completed in 2022



ACAMS
Anti-money laundering and financial crime training and certification services⁽⁵⁾

Other assets
(treasury, real estate etc.)

Value created with and for stakeholders

Measurement of value creation

Nearly €10 billion of gross assets

Nearly €5 billion in market capitalization

Net Asset Value (NAV) of €188.1/share on 12/31/2021, up 20.1% in 2021 and 18.3% when adjusted for the dividend paid in 2021

Overall yield (dividends re-invested) of 9.9% per annum since 06/13/2002⁽⁷⁾

Payment of a stable dividend at €3.00/share, up 3.4%, proposed to the Shareholders' Meeting on 06/16/2022

More than €5m distributed to nearly 20 associations since 2010

Support for companies and value sharing

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

Value sharing at the time of exit with the teams of portfolio companies, whenever possible

Shareholder dialogue

Institutional investors: **269 meetings**

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

Letter to shareholders: **2 letters**

Governance roadshows

Independent lead director

Employee development and value sharing

99% of employees trained over the year

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

89% of employees were awarded stock options and/or performance shares

Reimbursement of daycare expenses

Supplemental insurance, contingency benefits

(5) In accordance with Article L. 233-10 of the French Commercial Code (Code de commerce), the data include Wendel-Participations SE, its Chairwoman, Priscilla de Moustier and Société Privée d'Investissement Mobiliers (SPIM). (6) Acquisition finalized on 03/10/2022. (7) The overall yield is as of 12/31/2021.

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 and 2021 as part of the ramping up of Wendel's ESG strategy. The Committee is chaired by David Darmon, member of the Executive Board, and is made up of two of the Company's Operating Partners and representatives from Wendel's different business and support divisions: Internal Audit department, General Secretariat, Communications and Sustainable Development department, Financial Communications department, Human Resources department Operational Resources. It meets every six weeks to carry out in-depth monitoring of the Group's ESG ratings, progress made on rolling out the 2023 ESG roadmap and those of portfolio companies, as well as changes thereto.

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. In 2021, the number of presentations to the two Board committees increased significantly, reflecting the sustained importance of the topic. In particular, the following points were addressed:

- at the level of the Audit, Risks and Compliance Committee: non-financial reporting and monitoring of non-financial ratings, monitoring of Wendel's stakeholder expectations in terms of transparency, monitoring of non-financial performance indicators;
- at the level of the Governance and Sustainability Committee: execution of the ESG strategy at Wendel and in the portfolio companies, definition and assessment of the ESG objectives used to determine the variable compensation of the Executive Board and the stock option and performance share plans (criterion related to climate risk management).

The members of the Executive Board and all members of the Coordination Committee (i.e. 23% of Wendel's workforce) receive a portion of their variable compensation contingent on the achievement of ESG objectives. In addition to the Coordination Committee, the teams from all of Wendel's functional departments contribute to the deployment of the ESG roadmap for 2023, and develop initiatives and approaches that contribute to the sustainability of the Company's activity. This is evidenced by the Company's Code of Ethics, which sets out the Group's commitments in terms of respect for human rights, environmental protection, quality working environment and responsible investment. This Code of Ethics applies to all employees and managers of the Company, its holding companies and its sites.

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.

Wendel thus 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	<ul style="list-style-type: none"> ■ 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)	<ul style="list-style-type: none"> ■ 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 <i>ad hoc</i> strategic events ■ Credit, equity, Governance and ESG Roadshows ■ Shareholders' Meeting ■ Publication of communication materials relating to our business (press releases, brochures, letters to shareholders, website, social media...) ■ Shareholder Advisory Committee ■ Perception Studies
Non-executive employees	<p>Surveys on quality of life at work</p> <ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ Third-party assessment process ■ Call for tenders or competition for larger service-providers ■ Assignment meetings and postmortems
Local non-profits and community organizations	<ul style="list-style-type: none"> ■ Philanthropic initiatives <i>via</i> financial donations or skills sponsorship ■ Organization of team seminars
Trade associations	<ul style="list-style-type: none"> ■ Participation in working Groups on the challenges faced by our sector

4.1.4 EFPD requirements

At the Wendel level

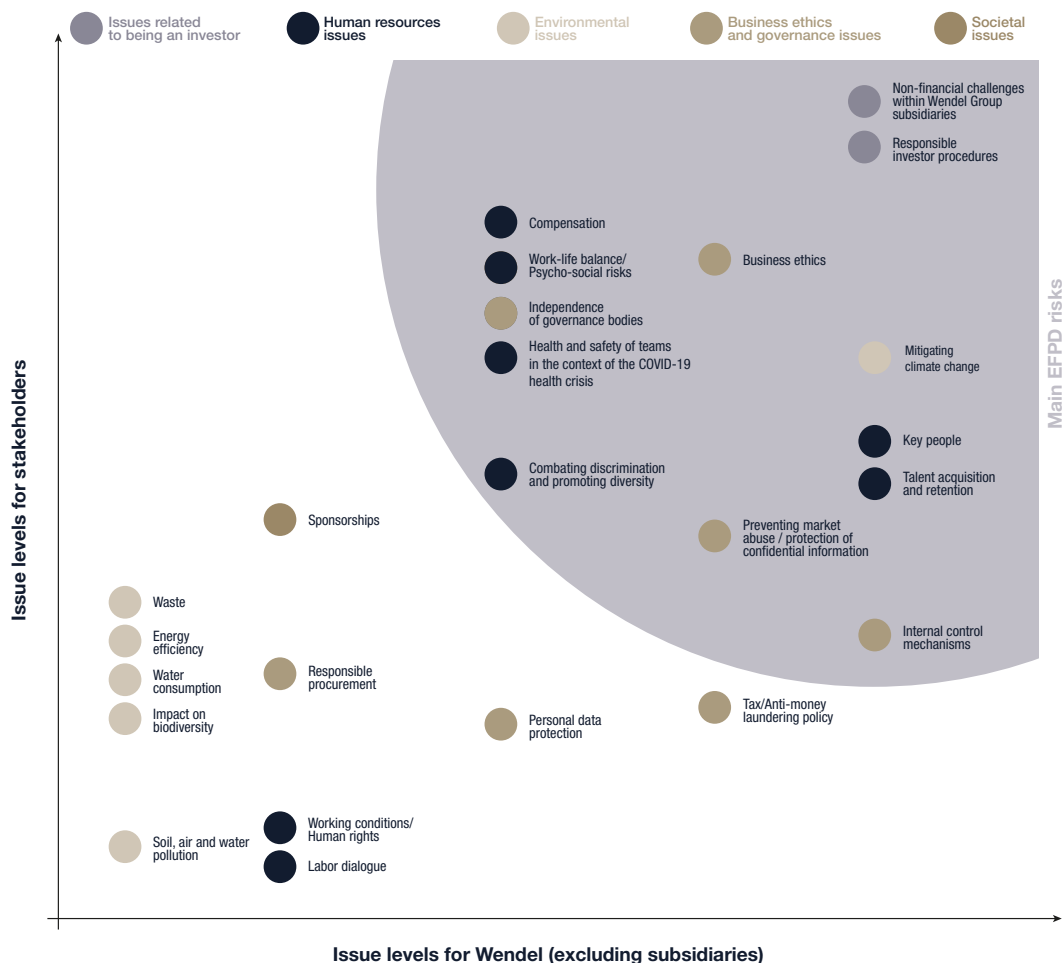
As part of the development of its first materiality matrix in 2018, Wendel identified the main extra-financial risks relating to its business, based on operational risks, interviews with its various departments, the international SASB reference framework and the reports of extra-financial rating agencies. 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 2021, this risk matrix was changed at the initiative of the ESG Steering Committee, with increased prioritization of the issue of climate change.

The particular context of 2021, the first year of implementation of the European environmental taxonomy, as well as the significant number of questions from investors about the Group's approach to taking into account the effects of climate change, prompted Wendel to consider these as key ESG issues.

The management of climate change is closely monitored by the Executive Board and the Supervisory Board.

This theme is the subject of a dedicated chapter in paragraph 4.1.8 - Climate Plan.

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:

DPEF

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.)	Section 1.2 - Global competitive landscape
Challenges and outlook for the entity and its businesses (i.e. market trends, ongoing transformations, sectoral sustainable development issues, etc.)	Strategic orientations: 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 4.1.7.1.2
Vision and objectives of the entity (i.e. values, strategy, transformation or investment plan)	Section 1.3.4
Main risks related to Wendel's business	
Extra-financial issues within Wendel Group subsidiaries and responsible investment procedures	Section 4.1.7.2
Risks related to the human resources of Wendel teams	Section 4.1.7.1.2 - <i>Promoting employability, inclusion, well-being and commitment through concrete actions</i>
Risk of non-independence of governance bodies and control mechanisms	Section 4.1.7.1.1 - <i>Ensuring balanced governance</i>
Risks linked to business ethics	Section 4.1.7.1.1 - <i>Strengthening and preserving the Group's business ethics</i>
Risks related to climate change	Section 4.1.7.1.1 - <i>Measuring and managing our environmental footprint</i> Section 4.1.8 - Climate Plan
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 carbon footprint of the investment holding company is presented in section 4.1.7.1.1. The carbon footprint of investments is presented in section 4.1.7.2. The risks and opportunities related to climate change are presented in section 4.1.8 The circular economy approach implemented within the Company is presented in section 4.1.7.1.1 - <i>Measuring and managing our environmental footprint</i> 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 Vigilance plan - 4.1.5
The impact of the business on the fight against corruption	Section 4.1.7.1.1 - <i>Strengthening and preserving the Group's business ethics</i>

At the Wendel Group subsidiary level

As of December 31, 2021, Wendel is the majority shareholder of Bureau Veritas, Constantia Flexibles, Stahl, and CPI. Cromology, held since 2006, was the subject of a disposal process announced on October 20, 2021 and finalized in January 2022. Due to the disposal process initiated at the end of 2021, Cromology is excluded from this year's non-financial reporting.

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 2021. 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): Constantia Flexibles, Stahl and CPI. The results of this work have been validated by the appropriate governing body of each of these companies and the risk analysis methodology used was reviewed by an independent third-party. The main risks are presented for each of the companies that it controls (section 4.2. – *Wendel subsidiaries reviewed by an independent third party*), with the exception of Cromology, which was sold.

Bureau Veritas, Wendel's largest controlled company, listed on Euronext Paris and part of the Next 20 index (Compartment A, ISIN Code, FR0006174348, mnemonic: BVI), publishes its own EFPD, available in its 2021 Universal Registration Document and subject to review by an independent third-party. 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 sections 4.1.7.2 – *Wendel, investing for the long term: Building sustainable businesses*, 4.1.8 – *Climate Plan* and 4.1.9 – *European green taxonomy* concerns the fully consolidated subsidiaries (Bureau Veritas, Constantia Flexibles, Stahl and CPI), with the exception of Cromology, which was sold.

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 four priorities: 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 established objectives and implementation plans adapted to the regulatory environment of their business segments and their own development strategies. 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 the indicators used since, in certain cases, this information would have no operational significance.

However, in order to provide an overall view of the Group's ESG performance, Wendel publishes consolidated ESG performance indicators for each of its four priorities, as well as indicators for monitoring the ESG policies of the companies it controls, which reflect the Company's approach as a responsible shareholder

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 in 2016 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 the following: Bureau Veritas, Constantia Flexibles, Stahl and CPI.

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. For the Group's unlisted controlled companies, the vigilance plans can be found in the following chapters:

- Constantia Flexibles (section 4.2.2.7)
- CPI (section 4.2.3.5)
- Stahl (section 4.2.4.7)

As Wendel is a holding company made up of a small management team, its Duty of care largely relates to its controlled companies. In fiscal year 2021, 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:

- signature of the Code of Ethics by all employees and new hires. This Code of Ethics includes a reminder of Wendel's strict compliance with international human rights conventions, and proposes a set of rules and measures to ensure a safer working environment (respect in the workplace, whistle-blowing procedure in the event of non-compliance, etc.). This Code is brought to the attention of all third parties and partners with which the Group enters into a transactional relationship. Wendel requires portfolio companies in which it invests to adopt similar standards;
- continued roll-out of remote working in compliance with the regulations applicable to on-site and remote working in the countries where the Group operates, when local authorities require such implementation. Wendel's teams maintain 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;
- reinforcement of the internal Wendel Protect tool in early 2022 through the development of an ESG assessment module, which evaluates third parties on the basis of sustainability criteria when a threshold amount is exceeded during the year. This module aims to select and give preference to third parties who are concerned about taking environmental and social criteria into account in their own value chain, for example by setting up a responsible purchasing charter or obtaining third-party labels.

In 2021, the analysis of climate risk and opportunities conducted by Wendel (as announced in the previous vigilance plan) did not highlight any risk of major harm to the environment.

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.

4.1.6 Highlights of Wendel's ESG commitment in 2021-2022

February 2021 - Wendel organizes a roadshow dedicated to governance topics for its institutional investors and the main proxy advisors.

February 2021 - Wendel offers all employees the opportunity to dedicate one working day per year to a charitable activity of their choice.

March 2021 - Wendel announces the integration of ESG objectives in the financial conditions of its undrawn syndicated loan.

March 2021 - Wendel achieves Prime status with the ISS rating agency. This status distinguishes the best ESG performances in each business segment.

May 2021 - Wendel's premises in Luxembourg are now powered by renewable electricity.

May 2021 - Wendel confirms its AA rating (sector leader) from the MSCI rating agency.

June 2021 - On the occasion of the Quality of Life Week, Wendel offers a series of distance learning courses open to all employees.

July 2021 - Wendel launches an awareness and information campaign for all employees on the subject of cybersecurity.

July 2021 - The 2021-2024 stock option plan includes a condition related to the analysis and management of climate risk in portfolio companies.

September 2021 - Wendel raises its Sustainalytics rating from "low risk" to "negligible risk" and ranks among the 50 best-rated companies in its business segment.

September 2021 - Wendel wins the "Diversity in Management Bodies" prize in the 2021 Corporate governance Awards.

October 2021 - On the occasion of the European Week for Sustainable Development, Wendel participates in a project to offset part of its emissions, chosen by employees.

October 2021 - Wendel wins the 2021 Transparency Award, All Categories, and is nominated for the prizes for ethical conduct and quality of ESG information.

November 2021 - Wendel updates its exclusion policy by adding the exclusion of new business segments.

November 2021 - Wendel is once again a member of the Dow Jones Sustainability Europe and World indexes, with a score of 76/100.

December 2021 - Finalization of the analysis of climate change risks and opportunities within the portfolio.

December 2021 - Wendel receives a B- rating in response to the Carbon Disclosure Project's Climate Change questionnaire.

December 2021 - Wendel participates in the first issuer conference on ESG organized by the French Society of Financial Analysts (SFAF).

January 2022 - Wendel improves its score on the Gaia Rating extra-financial questionnaire from 69/100 to 75/100.









January 2022 - Presentation to investment teams of ESG expectations for portfolio companies.

January 2022- Wendel participates for the first time in the Financial Times Stock Exchange (FTSE) extra-financial rating exercise and obtains a score of 3.4/5, above the average of 2.4 for its sector.

Summary of Wendel's extra-financial ratings

	2021	2020
Member of Dow Jones Sustainability Indices <small>Powered by the S&P Global CSA</small>	Inclusion in the World and Europe Dow Jones Sustainability Index with a score of 76	Inclusion in the World and Europe Dow Jones Sustainability Index with a score of 71
MSCI 	Double AA rating, ranked among industry leaders	Double AA rating, ranked among industry leaders
 SUSTAINALYTICS	Classified as Negligible Risk, first among its peers of the same market capitalization level and in the top 50 best performers within its industry	Classified as "Low Risk", and first among its peers with the same level of market capitalization
 CDP <small>DRIVING SUSTAINABLE ECONOMIES</small>	B- rating, marks a sustained consideration of the impacts of climate change in the Group's activities	B rating (first participation in 2020) marks a sustained consideration of the impacts of climate change on the Group's activities
	Score of 75/100	Score of 69/100, above the industry average (51/100)
	Score of 43/100	Score of 41/100
	Score of 3.4/5, above the industry average (2.4/5)	N/A
	C+rated, Prime status Among the top 10% of companies in the sector & the most transparent companies	N/A

Overview of the 2021 ESG performance of Wendel's consolidated operating subsidiaries

		 BUREAU VERITAS	 Constantia Flexibles	 Stahl	 CPI	WENDEL-CONTROLLED ASSETS PORTFOLIO
	2021 Emissions	637,513 tCO ₂	1,639 ktCO ₂	597,711 tCO ₂	2,403 tCO ₂	1,614,917 tCO ₂
 CLIMATE CHANGE	Reduction target	2 tCO ₂ /employee by 2025 (currently 2,49 tCO ₂ /employee)	Reduce CO ₂ emissions by 24% by 2030	Reduce CO ₂ emissions by 20% by 2030	5 tCO ₂ /employee by 2024 (currently 8 tCO ₂ /employee)	75% of controlled portfolio companies have committed to defining a reduction target aligned on the Paris Agreement requirements (certified by SBTi)
	Committed to SBTi	YES	YES	YES	NO	
 DIVERSITY AND GENDER PARITY	% of women on the board of directors	42%	12.5%	22%	25%	26%
	% of women in management positions	23%	20%	25%	54%	23%
	Commitment to better gender balance	Reach 35% women in top management positions by 2025	Action plan to increase the share of female managers	25% women in the executive committee in 2023	45% to 50% women in the board of directors in 2024	100% of controlled portfolio companies committed to better gender balance
 HEALTH AND SAFETY	Frequency rate of accidents at work	0.27*	2.8**	1.37	1.64	1.14
	Health and safety management system (OHSAS 18001/ISO 45001)	YES	YES	YES	NO (not relevant for a structure like CPI)	100% of all companies have included health & safety as a priority in their ESG roadmap
 SUSTAINABILITY OF PRODUCTS AND SERVICES	% of turnover generated from sustainable products and services	52% (estimate based on 2021 sales)	55% (estimate)	57%	100%	54%
	Associated action plans	BV Green Line, sustainable services and solutions	Recyclable flexible packaging solutions	Low-carbon solutions eligible to the EU green taxonomy -high water content	All CPI trainings	100% of controlled portfolio companies have identified action plans to deliver sustainable products and services

*The Bureau Veritas accident frequency rate is calculated by including all accidents that occurred, with and without lost time
 **Constantia's accident frequency rate is based on actual, not theoretical, working hours

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 at the beginning of 2020, the main thrust of which is set for 2023, Wendel has defined two main levers:

- (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 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 year 2021 represents the second year of deployment of this roadmap.

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 as a responsible company: Promoting excellence and commitment

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

Ensuring balanced governance

Independence of governance bodies

EFPD

Risk description

Wendel has a controlling shareholder, Wendel-Participations SE which, as of December 31, 2021, holds 39.29% of Wendel's share capital and 51.41% 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 are applied 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 executive functions performed by an independent Executive Board from the control functions exercised by the Supervisory Board (see section 2.1.7 "Distribution of powers between the Executive Board and the Supervisory Board"). Within the Supervisory Board itself, independent members represent 40% (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 does not serve as 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 followings as main risks based on EFPD definitions:

- corruption;
- market abuse.

Other risks related to business ethics are taken into account by Wendel and outlined below following the presentation of these two priority EFPD risks.

Anti-corruption

EFPD

Risk description

The risk mapping conducted for Wendel (namely Wendel SE, its holding companies and foreign offices) showed that corruption risks 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 this program.

In 2021, the recruitment of a new member of the compliance team has also enabled the latter to be strengthened in order to ensure the effective deployment of the Sapin 2 mechanism. This initiative also demonstrates the strong commitment of Wendel's management to the fight against corruption by allocating all necessary resources.

In addition, Wendel regularly conducts a review of its corruption-related risk mapping. In 2021, during the annual assessment exercise regarding the need to update the mapping, no new areas of exposure to corruption risk were identified. However, in order to better reflect the set of controls in place, the risk mitigation measures have been listed and reviewed in detail for each corruption scenario, which also allows for better alignment with the AFA requirements.

With regard to the whistleblowing system, the associated policy was distributed to all employees in 2019. A reminder of the system in place is given regularly and, in particular, in 2021, it took the form of a communication on the Wendel intranet site. The purpose of this communication was to ensure that all Wendel employees are aware of the procedure to be followed and understand how to use the system and report an alert. This policy is available on Wendel's website, in the ESG section at www.wendelgroup.com. No alerts were received in 2021.

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.

In 2021, following the publication of the new recommendations and the new AFA questionnaire, an analysis was carried out in order to identify possible improvement areas for the current compliance program. The results of this analysis did not reveal any significant differences.

In addition, Wendel has also put in place an Anti-Corruption Compliance Charter, the purpose of which is to define the role and responsibilities of Wendel's Compliance function; this was formalized and distributed to Wendel employees in 2019 and is accessible to them at all times from Wendel's intranet, as is the anti-corruption policy.

With regard to the effective deployment of the anti-corruption program, a set of controls specific to the Sapin 2 law has been designed and implemented. In 2020, a dedicated compliance and internal control tool - Wendel Protect - was deployed to streamline and optimize compliance processes and improve traceability, for example with regard to gifts and invitations or conflicts of interest. In 2021, the monitoring plan for these controls has been updated to comprehensively document all controls that fall within the competence of the compliance team in the fight against corruption.

In addition, in 2021, Wendel further improved the third-party assessment process, optimizing the various levels of due diligence of its counterparties to ensure an agile system, in compliance with the new AFA recommendations. It should be noted that the process in place provides for a strong link with the accounting procedures preventing the payment of a third party that has not been previously assessed. In addition, accounting controls were also reviewed in 2021, with the help of an external firm, in order to better document all controls more specifically designed to detect corrupt practices. With respect to its investment activities, Wendel's compliance team, in collaboration with external firms, performs the most thorough due diligence possible in terms of corruption before carrying out any investment transaction. The analyzes include a verification of the integrity of the target and its management team, as well as the definition of the target's risk profile with regard to corruption and the evaluation of the compliance system in place, where it exists.

In terms of awareness, training on corruption risks is regularly provided to all employees; a dedicated training on the third-party assessment process was conducted in 2021 and a more general e-learning on anti-corruption was launched in January 2022. In addition, the compliance team ensures that a culture of compliance is disseminated through regular reminders of the procedures to be followed under the program in place.

Finally, all of these measures will be audited by Wendel's Internal Audit department in 2021. The results of the report were presented to Wendel's Audit Committee in June 2021; overall, the program in place was assessed as being in compliance with regulatory requirements.

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 particular, in order to continue to monitor the progress made in the fight against corruption, each of the controlled companies produces an annual report on the Sapin 2 mechanism, presenting the main improvements achieved and an action plan for the following year. In addition, a mid-year review of the progress of the action plan is scheduled at the Audit Committee.

In 2021, Wendel also organized two exchange sessions (called "Compliance Forum") with the compliance officers of its portfolio companies. The purpose of these sessions was to share best practices in anti-corruption controls and to review the key points of the new AFA recommendations.

Finally, the portfolio companies file an annual declaration of compliance with the obligations resulting from the Sapin 2 law on corruption (Compliance Statement).

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 ensures that it complies with the MAR Regulation. It communicates accurate, precise and fair information to investors, shareholders and analysts. Wendel also ensures that shareholders receive equal information

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.

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.

A procedure for classifying inside information has been put in place. Insider lists are opened whenever necessary and blackout periods – during which all trading in Wendel shares is prohibited – have been introduced. Confidentiality lists may also be opened in the presence of information that is not yet privileged but potentially accurate or sensitive. Wendel has deployed a digital tool to manage these lists and negative windows, which automates their processing and ensures 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 the 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 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 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 guide the conduct of 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 international operations. Wendel requires companies in which it invests to adopt similar standards. The Code can be consulted on Wendel's website in the ESG section at www.wendelgroup.com.

It should be noted that in 2021, the Code was reviewed again by the Executive Board: the changes that were made mainly concern the ESG section and are intended to clarify Wendel's responsible investment policy.

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 (its holding companies and foreign offices) ensures that it does not engage in any activity prohibited by sanctions and embargoes, and that it does not enter into any relationship with individuals or legal entities 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 has been in effect since 2017 and applies to Wendel SE, its holding companies and its international operations.

In addition, within the framework of the AIFM regulations to which the Luxembourg fund manager (Wendel Luxembourg 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⁽¹⁾ in order 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 evasion⁽²⁾ 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 2021. In addition to corruption, this whistle-blowing system covers the following areas: financial and accounting, stock market ethics, anti-competitive practices, health, hygiene and safety at work, discrimination and harassment at work, environmental protection, human rights and fundamental freedoms.

A whistleblowing line is also available to all 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. The Company 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.

Wendel's Personal Data Protection Policy was reviewed in 2021 and is available on its 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.

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 2021, during the redesign of Wendel's website, the cookies policy was revised and strengthened to better reflect regulatory requirements, in terms of transparency and ease of access to information for users. In addition, in July 2021, an online training course on the protection of personal data was assigned to Wendel's employees, in order to increase their awareness of the subject and remind them of the rules applicable in this area.

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 by each employee, who is thereby made aware of the policies and asked to reiterate his or her commitment to respect their principles.

(1) According to the list of uncooperative states and territories for tax purposes issued by order of March 2, 2022..

(2) Referred to in section 20 of Act No. 2018-898 of October 23, 2018, relating to 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. Managing climate change and the risks and opportunities it generates is now a priority dimension of the Group's action as a responsible shareholder. While Wendel focuses primarily on reducing the CO₂ emissions of its portfolio companies and is aiming for a consolidated reduction target, it is nevertheless careful to measure and communicate transparently on its annual carbon footprint. It should be noted that the limited size of the Company (84 employees as of December 31, 2021) and its primary activity (investment) make its carbon footprint marginal compared to the quantity of emissions generated indirectly by the companies in which it invests.

In addition, the geographic location of Wendel SE's offices (Paris, Luxembourg and New York) limits its short- and medium-term exposure to the physical consequences of climate change (increase in meteorological catastrophes)

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 Company's carbon assessment made it possible to carry out an initial inventory of significant emission sources and to implement priority reduction or offset actions. In 2021, the following actions were carried out:

- adoption of a renewable electricity supply contract for the Luxembourg office, thus joining the Paris office in this approach. Today, 89% of the employees are located in an office supplied with electricity from renewable sources. Wendel's ambition is to extend this coverage to the New York office by the end of 2023;
- definition of a grid of 15 priority actions to be implemented to improve environmental management on the Group's premises;

- participation in a carbon offset project to preserve forest areas and forestry in Brazil. The Company's participation made it possible to offset 400 teq CO₂ eq. It should be noted that the 2021 carbon footprint presented below does not deduct the offset emissions, as Wendel wishes to communicate a gross and precise carbon footprint of its activity;

- implementation of a "green taxi" contract available to employees in France, which offers to compensate for the emissions generated by a business trip, and implementation of a sustainable mobility package in order to encourage employees to use soft modes of mobility for commuting.

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. 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. For fiscal year 2021, the coverage rate for scopes 1 and 2 is between 89% and 100%.

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 74% and 100%.

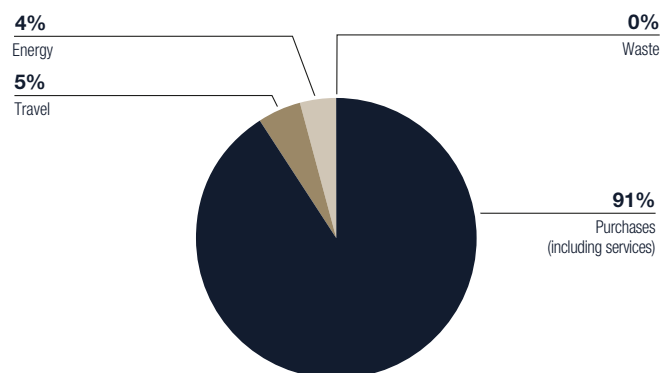
Scope 1 (direct)	Scope 2 (indirect)	Scope 3 (indirect)
Direct emissions from stationary combustion sources	Indirect emissions from electricity consumption	Products and services purchased
Direct emissions from mobile combustion sources	Indirect emissions related to the consumption of steam, heat or cold	Fixed assets
Direct fugitive emissions		Fuel and energy-related emissions (not included in scope 1 or 2)
		Waste produced
		Business travel
		Commuting
		Other indirect downstream emissions (visitor travel)

Emission categories (in tCO ₂ eq) ⁽¹⁾	2021	2020 ⁽²⁾
Scope 1	21	28
Scope 2	107	102
Scope 3	6,219	2,978
Total Scope 1+2+3	6,347	3,108
Scope 1+2+3 emissions intensity per employee	76	38

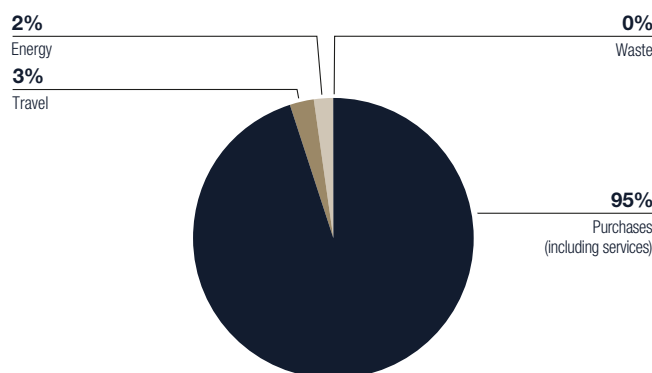
- (1) Scope: All offices are included in the carbon footprint: France, Luxembourg and the United States.
The data collected correspond to the period January-December (except for the consumption of renewable electricity and gas for Luxembourg which are on a sliding 12 months basis). If necessary, data have been extrapolated for the year, based on available figures.
Travel: in 2021, visitor and employee travel were calculated on the basis of 2019 data, adjusted for the days that offices were open during the Covid-19 crisis for all offices. For business travel, the distances traveled by taxi exclude the personal travel of Wendel SE employees. For the calculation of CO₂eq emissions of taxi journeys for Paris, 2/3 were associated with the emission factor of electric vehicles and 1/3 were associated with the emission factor of diesel vehicles.
Energy: in 2021, the Luxembourg offices changed their supplier and now consume 100% renewable electricity.
Purchasing: some 2020 data have been corrected to align with the 2021 methodology, which has established a correspondence table between Wendel's accounting classifications and the carbon footprint classifications - this was made possible by the implementation of a new ERP in 2020 (correction of this data was therefore not possible in 2019).
In order to avoid double counting, purchase categories related to a significant purchase item are reported in another category (e.g. taxi expenses reported in the business travel category).
- (2) Carbon emissions for the year 2020 have been corrected on the basis of the following elements: Adjustment of gas and electricity consumption by the Luxembourg offices after receipt of invoices indicating actual consumption, re-evaluation of the volume of purchases made for the Paris and Luxembourg offices.

The breakdown of Wendel SE's emissions sources between 2021 and 2020 is as follows:

Share of CO₂ eq emissions by emission category
2020



Share of CO₂ eq emissions by emission category
2021



For the year 2021, the Group's total emissions will increase significantly (6,347 tCO₂ eq vs. 3,108 tCO₂ eq, for an intensity ratio per employee of 76 tCO₂ eq/employee compared to 38 tCO₂ eq/employee for the previous year). This increase is mainly explained by a strong increase in activity: the active pursuit of investment opportunities, as well as the acquisitions and disposals carried out during the year, have necessitated the increased purchase of intangible services (consultancy, insurance, legal expertise etc.). It should be noted that Wendel SE's carbon footprint is based on the guidelines of the Ademe's Carbon Footprint methodology, and is based solely on the amount of expenses incurred, and not on the emissions actually generated by the consulting activities performed on behalf of the Company.

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.

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 2021, a total of 5.2 tons of waste was sorted and recycled, representing 0.06 tons of recycled waste per employee⁽¹⁾.

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 63% tons compared to 2019.

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 consist mainly of intellectual services and the supply of office goods and services (computer equipment, software, maintenance and upkeep of premises 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 acknowledgment of this Code is signed by the third party before the transaction is executed.

In 2021, Wendel has decided to strengthen its monitoring of the sustainability commitments made by the third parties with which it associates. For example, the Wendel Protect third-party assessment tool, which was set up for regulatory compliance and anti-corruption issues, will include a module for assessing service providers on the basis of environmental, social and governance criteria from early 2022. Given the mapping of purchasing risks carried out in 2020, which concluded that there was very limited risk with regard to the Company's service providers, and in order to maintain the materiality of the approach, the assessment is carried out for third parties with whom Wendel incurs expenses of more than €100,000 (or \$100,000) in any given year.

This assessment module provides for an evaluation of third parties on the basis of their third-party certifications (e.g., holding an ESG supplier label), but also on the basis of the implementation of a responsible sourcing charter and an approach aimed at limiting their impact on the environment and the climate, and respecting human rights and applicable labor laws.

In 2021, prior to the implementation of this module, Wendel has evaluated on the basis of these criteria the third parties exceeding the threshold amount with which transactions were initiated in 2020. More than 50% of the third parties with which Wendel collaborates for services have a responsible purchasing policy, and 27% of these third parties have a label or distinction awarded by a third-party organization.

4.1.7.1.2 Promoting employability, inclusion, well-being and commitment 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

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. Wendel's employees play a key role and are essential to the realization of its mission because they are the day-to-day guarantors of the relationship with the portfolio companies, with whom they must maintain a constructive dialogue on all the strategic issues of the Company's life.

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 through 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.

(1) Calculated using the headcount at December 31, 2021.

Combined with a compensation policy that is fair, consistent with the market and non-discriminatory, the Group is able to anticipate the risks associated with the development and positioning of its entire organization. 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. The monitoring of human resources data within the Group, in compliance with European regulations on personal data management (RGPD), makes it possible to strengthen the management of expectations and to establish precise monitoring indicators.

Composition of Wendel teams

As at December 31, 2021, Wendel and its holding companies employed a total of 84 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) is mainly a holding company. The establishment in the United States is more recent and dates back to 2013.

In France

Wendel employs 62 people in France divided between the Investment, Management, and Corporate teams (in particular 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 also regularly works on investment/divestment operations in France and abroad in support of the investment teams.

In 2021, Wendel employed two fixed-term contracts and two temporary workers. For fiscal year 2021, as in the previous year, fixed-term contracts are included in the social data presented in this chapter, but temporary workers are excluded.

Employees with an employment contract in France: headcount and movements	12/31/2021			12/31/2020			12/31/2019		
	Non-executive employees	Managers	Total	Non-executive employees	Managers	Total	Non-executive employees	Managers	Total
Total workforce	6	56	62	7	52	59	6	48	54
of whom Women	3	33	36	3	30	33	3	27	30
Male	3	23	26	4	22	26	3	21	24
New hires ⁽²⁾	0	8	8	0	11	11	2	9	11
of whom Women	0	6	6	0	6	6	2	4	6
Male	0	2	2	0	5	5	0	5	5
Departures ⁽²⁾	0	5	5	0	7	7	0	8	8
of whom Women	0	3	3	0	3	3	0	4	4
Male	0	2	2	0	4	4	0	4	4

(1) France open-ended contracts, fixed-term contracts and apprentices for 2020 and 2021. For 2019, only permanent staff are included.

(2) In 2019, new hires and departures including internal mobility of three employees, from abroad to France and vice versa, that took place during the year (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.

In 2021, departures include intra-Group mobility, transfer from the Wendel entity to the parent company Wendel-Participations SE (workforce not accounted for in the Wendel URD).

Overseas

The holding companies and offices outside France are located in two countries and have 22 employees, more than 40% of whom are in 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: headcount and changes	12/31/2021	12/31/2020	12/31/2019
Total workforce	22	26	36
of whom Women	12	13	17
Male	10	13	19
New hires ⁽²⁾	4	2	5
of whom Women	2	2	4
Male	2	0	1
Departures ⁽²⁾	8	13	12
of whom Women	3	6	6
Male	5	7	6

(1) Workforce with an international, permanent or fixed-term employment contract for 2020 and 2021. For 2019, only permanent employees are recognized.

(2) New hires and departures including internal mobility of three 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.

Key people - Talent acquisition, development and retention

EFPD

Due to its streamlined workforce, Wendel must ensure that its business is not affected by the departure of key people. The Company's Human Resources department has initiated a process aimed at anticipating and supporting career development within the Company. The development of career plans makes it possible to set clear milestones for the professional development of each individual and contributes to achieving the Company's objectives. It is therefore a matter of planning, upstream, and then managing at various stages of the Company's development by encouraging talent to flourish. The objective is to support and accompany those who will be able to make a major difference in their current role, in order to take on other functions and responsibilities and thus ensure the continuation of the Company's activities.

The aim of this approach is to draw up a development and training plan and a succession plan for each function or key person to ensure that the Company always has the skills required for its activity. This arrangement should also provide, as far as possible, for each specific skill or know-how to be held by at least two people. However, the collegial nature of decisions relating to the investment activity limits the impact of any departures within Wendel.

Gender parity is naturally integrated into this process, while keeping competence for each role as a basic vector among the successors envisaged, in accordance with the gender diversity policy implemented at Wendel.

To build such an approach, it is necessary to rely on and regularly review the elements of identification of skills and needs, the qualities necessary for the continuation of the Company's activities, the evaluation of capacities reviewed at a regular rhythm, the willingness to be involved in the responsibility and commitment of each candidate, make it possible to limit the risks and to identify the most suitable profiles for each function while anticipating the periods of necessary transitions.

The compensation policy and the development of employees are reviewed each year to ensure consistency with market practices and to ensure that the approach is based on individual merit.

In order to anticipate future changes in the collective bargaining agreement applicable in France, the job descriptions for all of the Company's businesses were completely reviewed and standardized during the year 2020. This approach has been extended to all Wendel sites in order to facilitate career development and deploy the necessary training.

Training

EFPD

Professional training and skills development

Wendel considers the development of its employees' skills and experience to be essential to their employability, which is one of its priorities. To emphasize the importance of this issue, the percentage of employees who have attended at least one non-mandatory training course per year has been added as one of the criteria for calculating the annual profit-sharing allocation, in the same way as the percentage of employees with clear and measurable individual objectives set for the following year.

The 360-degree feedback process implemented in 2018 has improved the quality of the objectives set for each employee and allowed for adjustments to training plans.

100% of permanent employees whose objectives were to be formulated for the year 2022 received a 360° evaluation in 2021. The members of Wendel's Executive Board are also subject to a 360-degree evaluation.

Wendel ensures that its employees maintain their skills and acquire the experience they need to succeed in their missions, notably through a comprehensive training program.

Wendel has continued to develop its training catalog in order to align it with its strategic orientations around different themes: business, behavior, expertise, etc.

The "Get to Know" program, set up in 2020 to enable everyone to learn more about the jobs available within the Company, was a great success, with an average of more than 80% participation by the employees targeted by the module at each session. This approach continues to be developed by Wendel's teams to promote knowledge transfer.

Despite the health crisis, an ambitious training program has been deployed in all countries over the past two years. Wendel has continued to develop a range of online training platforms in a variety of fields, in line with employee demand and accessible to all employees, including those on temporary contracts and interns.

Each quarter, the deployment of the training plan and the adequacy of employee requests to the needs of their missions are reviewed by the HR department and managers.

In 2021, Wendel developed a partnership with major international schools, including INSEAD and Harvard Business School. This program enabled seven employees in management positions to attend training focused on leadership and strategy related to their respective jobs, selected from a predefined catalog with the support of these two schools in order to provide an adapted educational curriculum. This initiative will be renewed in 2022.

In order to be as responsive as possible to the needs and expectations of its employees and to enable each of them to develop their own business expertise, Wendel has responded positively to every employee who has made a request for training

that he or she has identified and that meets the Company's development needs. In addition, numerous training courses leading to certification or diplomas have been provided. All of the so-called "job-related" training courses represent 43% of the overall volume of training hours.

As in previous years, language courses, particularly in English and French, continued to be offered to interested employees. In fact, 40% of employees received at least one language training course during the year.

In addition, in order to accelerate the development of training programs, and to improve the monitoring of training programs and related indicators, Wendel developed a training management and monitoring platform in 2020.

Training in health, safety and psychosocial risks

In 2021, Wendel has placed considerable emphasis on health and safety training⁽¹⁾. A large majority of French and Luxembourg employees, including corporate officers, have been made aware of and trained in psychosocial risks. For this training, several formats were proposed according to the target populations (14 hours for the human resources team, four hours face-to-face for the members of the Executive Board and managers, two hours for other employees).

A program of conferences on Covid-19 led by health professionals was also offered to employees. In addition, a "Health and Performance" module consisting of several sessions presented by personalities recognized in their field, notably high-level athletes, has been set up. These conferences addressed various themes related to well-being: stress management, nutrition, motivation, etc.

In the Paris office, several "First Aid for the Workplace" courses were given, enabling volunteer employees to be trained in first aid. In addition, the Company has also provided training in fire safety, in gestures and postures adapted to workstations, and in electrical clearances. Training on the use of defibrillators has also been scheduled. In Luxembourg, a person has been trained to be a "designated worker for health and safety at work".

Wendel offers employees who wish to do so the opportunity to take the violence de-escalation training provided by its company CPI (Crisis Prevention Institute).

(1) The hours corresponding to the training described below are counted in the total of non-mandatory training, with the exception of Get to Know conferences and training considered mandatory (for mandatory training, the total is presented in section 4.1.10 in the Group's roadmap).

Tracking of training hours

In total, and despite the circumstances imposed by the pandemic, Wendel continued to implement its training plan and trained 96 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 2,555.1 hours⁽¹⁾ in non-mandatory training⁽²⁾.

On average, this represents 29.5 hours of non-mandatory training per employee⁽³⁾, for a total of 2,483.5 hours, marking a certain stability over the last two years, despite the pandemic and remote work.

In France, there was an average of 30.6 hours of non-mandatory training per employee (1,894.7 hours in total) compared with 25.1 hours per employee in 2020.

Indicators	2021	2020	2019
Percentage of employees trained	98.8% ⁽²⁾ (all countries) 98.4% France	97.6% ⁽²⁾ (all countries) 100% France	92.6% ⁽¹⁾ (all countries)
Training hours per employee	29.5 (all countries) 30.6 (France only)	29.5 (all countries) 25.1 (France only)	16.5 (all countries) 14.5 (France only)

(1) Percentage of employees present in 2019 who participated in training.

(2) Percentage of employees present at December 31, 2020 having been trained.

Work-life balance, working conditions and psychosocial risks
 (see also below) **Training in health, safety and psychosocial risks**

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, through regular meetings with all employees, close dialogue with employee representatives (CSE) and an end-of-year review process that is very open to information sharing, aims 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 work and family life, and to assist them in choosing childcare, Wendel has, since 2010, offered employees who request it childcare places financed by the Company. In 2021, Wendel financed daycare for eight children, for the benefit of eight employees. In 2021, a platform for parenthood was opened for employees. This new service offers parental coaching, suggestions for additional childcare, examples of workshops for children according to age groups, support for new parents, and conferences.

Furthermore, in addition to the part of the Social and Economic Committee's budget devoted to social and cultural activities (e.g.⁽⁴⁾ 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, first implemented at Wendel in November 2018, and fully reviewed with a new charter in 2020, makes it possible to offer more flexibility to employees who express a desire for it. It goes without saying that Wendel has also scrupulously complied with the government's recommendations for monitoring remote working since the beginning of the Covid pandemic.

A charter on paid leave, limiting, among other things, the excessive carryover of leave days from one period to another, was also signed in 2020. 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.

(1) Carried out by 96 Group employees, including corporate officers and trainees as well as people who arrived or left during the year, excluding mandatory training, Get to know your colleagues' sessions and compliance training.

(2) Excluding mandatory training, "Get to know your colleagues" sessions and compliance.

(3) Employees with a permanent or temporary employment contract, all offices combined, as of December 31.

(4) Example of social projects set up by the CSE in 2021. This list is not exhaustive and does not constitute a systematic allocation. These attributions are at the sole charge and will of the CSE.

In 2021, many of the benefits offered by Wendel were revised to be more competitive and more advantageous for employees: additional allocation of CESU checks during confinement for employees with children under 16 years of age, transformation of the PERCO into PERECOL, market study for the renewal of the mutual insurance company with a more advantageous quality/cost ratio and offering a better quality of services, (which responded to a desire expressed by employees in a survey carried out in 2019), the launch of a parenthood platform, the introduction on several occasions of Covid vaccination sessions open to employees and their spouses on a voluntary basis only, the introduction of the sustainable mobility package with effect from January 1, 2022. But also, the allocation of the exceptional purchasing power bonus for eligible employees, the opening of a second capital increase and the proposal of new criteria for the calculation of the profit-sharing taking into account the commitment of each employee in the calculation of the final result (participation in training and implementation of annual objectives).

In order to highlight all the benefits available to employees and to ensure total transparency, the Company has made available a summary catalog of all existing benefits by country. This is regularly updated.

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.).

In line with what has been done in France, the Company has initiated a process to review and improve the benefits offered in the United States and Luxembourg. A catalog summarizing the various benefits will also be available for each country.

As in France, Wendel has respectfully applied the recommendations of local governments in terms of monitoring remote working since the start of the Covid pandemic.

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. A first international survey was carried out in 2020. These initial results have made it possible to highlight the Company's strengths, as perceived internally, 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 results were then communicated and shared with the CSE and internally so that everyone could provide feedback and make suggestions for improvement.

Following this survey on psychosocial risks, an internal participatory tool was set up in 2020 to further assess the quality of life at work within the Group. This platform allows Wendel to collect employees' perceptions on various themes (recognition, working conditions, relations with others, well-being, etc.) and for employees to express themselves by sharing their ideas anonymously. Regular surveys will be carried out. In this way, Wendel can carry out a qualitative and comparative assessment, identify high-priority projects, develop associated corrective measures and measure their impacts.

The quality of life survey was relaunched in September 2021, after 18 months of health crisis. The participation rate was significantly higher than that of the first survey conducted in 2020. For this new campaign, an "ease of remote collaboration" indicator has been added. As in previous surveys, the results are very positive and almost similar to the feedback from employees as shared in previous surveys (favorable work environment, interest of employees in their work, stress level under control). The results obtained show that the sub-indicators most appreciated by the employees are the ease of collaboration, the Company values, the atmosphere and the ratio between workload and autonomy.

As a result of these initial surveys, Wendel has taken into consideration many of the ideas put forward by employees.

Wendel has also launched a survey on parenthood in 2021, open to all employees, whether or not they are parents. The purpose of this anonymous survey, carried out by an independent external organization, was to assess employees' perception of the Company's parenting policy, to measure existing support for employees who are parents and to orient parenting policies according to the needs identified. The results obtained are very positive and are, in the majority of cases, much higher than the results obtained by all the companies that participated in this same survey (all business segments included). Overall, the results at Wendel show:

- a very favorable perception of the announced parenting policy and its practical application with little discrepancy between the two, a criterion obtaining 65.8% of favorable opinions.

There is a culture of goodwill towards parent employees, as reflected in the 71.1% favorable opinion at Wendel (compared with 57% for the panel as a whole);

- departures and returns from parental leave are well anticipated and well managed;
- the Company is open to discussion in order to find solutions for an adapted work organization.

More than 60% of respondents indicate that becoming or being a parent does not have a negative impact on career development or compensation. Men and women are equally concerned by the systems put in place by the Company.

Finally, more than 76% of respondents believe that the Company offers concrete support for employees who are parents, well above the 34.7% obtained by the panel of participating companies. For Wendel employees in France, this rate reaches more than 96%.

To ensure that everyone's personal time is respected, Wendel has had a charter in place since 2018 guaranteeing a right to disconnect for everyone outside of working hours. In 2021, the Group continued to make its teams aware of this charter, particularly during periods of lockdown or reinforced remote working.

Finally, Wendel continues to fully embrace its commitment to being a socially responsible company and has maintained its corporate sponsorship, also known as skills sponsorship. This scheme combines the commitment of employees to charitable causes with 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.

	2021	2020
Absenteeism (scope: France) ⁽¹⁾	2.61%	3.13%

(1) Methodology for calculating absenteeism: $(\text{total absenteeism days} \times 100) / (218 \text{ days} \times \text{average number of employees})$.
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 2.61% in 2021. This figure remains well below the national average absenteeism rate estimated at 6.87% in 2020⁽¹⁾. At the national level (France), this represents an average of 25.1 days of absence per employee. At Wendel, the average number of days of absence per employee is 5.5.

	2021	2020
Number of accidents (scope: France)	1	0
Number of commuting accidents	0	2
Number of fatal accidents	0	0

In 2021, there was one workplace accident resulting in no lost time and no commuting accidents.

	2021	2020	2019
Average length of service of employees (years)	7.9 ⁽¹⁾	7.8 ⁽¹⁾	7.5

(1) In 2020 and 2021: 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 7.9 years.

(1) According to the 13th Ayming France absenteeism and engagement survey.

Combating discrimination and promoting diversity

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. To reinforce this approach in a transparent manner, in 2021 Wendel has undertaken the implementation of a vast project to define each of the Company's roles and functions, within in an evolving organization, in order to ensure that the skills required and developed within the Company remain directly and uniquely linked to the expertise and knowledge adapted to the Company's internal and external environment.

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.

As such, women are represented in the total headcount, in management positions, as well as in investment positions and on governance bodies:

	2021			2020		
	France	International	Group	France	International	Group
Women in the total workforce ⁽¹⁾	58%	54.5%	57%	56%	50%	54%
Women in employee manager roles ⁽¹⁾	59%	N/A	N/A	58%	N/A	N/A
Women Investors ⁽²⁾	42%	43%	42%	40%	33%	37%
Women in management positions ⁽³⁾	42%	40%	42%	40%	29%	37%
Women on the Investment and Management Committees ⁽⁴⁾	Investment Committee: 28.6%			Investment Committee: 33%		
	Management Committee: 40%			Management Committee: 45.5%		
Women on the Supervisory Board ⁽⁵⁾			50%			45%
Women in recruitment ⁽⁶⁾	75%	50%	67%	62.5%	100%	70%

(1) In 2020 and 2021: France scope: permanent and fixed-term employees in France/International scope: employees with a permanent or temporary employment contract abroad.

(2) Women employees within the investment teams, excluding assistants and office managers.

(3) Line manager of at least one employee (excluding the Chairman of the Executive Board).

(4) Including the Chairman of the Executive Board.

(5) Excluding members representing employees.

(6) Excluding internal mobility, including fixed-term contracts hired on a permanent basis during the year in 2020 (change in calculation method) and temporary contracts.

In 2021, the proportion of women on the Supervisory Board enabled Wendel to win the "Diversity in Management Bodies" prize at the 2021 Corporate governance Awards.

The Company's rate of women in its investment teams (42% in 2021) exceeds, to date, the objectives set by the France Invest charter on Parity by 2030 (target of 40%).

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 2021, Wendel obtained a score of 53/100. 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 went into effect on January 1, 2021 and will be renewed for the year 2022. This action plan is reviewed and updated annually and approved by the CSE. Although the implementation of an action plan on gender equality is governed by French regulations, Wendel ensures that these principles of equality are applied in all countries. The monitoring indicators are adapted according to local regulations and practices.

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	17%
30 to 39 years old	37%
40 to 49 years old	26%
50 years and over	20%

- New hires under the age of 30: four people under-30-year-old hired worldwide;
- Percentage of 30-39 year old recruited: four people aged between 30 and 39 recruited worldwide;

- Percentage of 40 to 49-year old recruited: four people aged between 40 and 49 recruited worldwide;

- New hires who are seniors (> 50 years old): no one over the age of 50 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 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 2021 was approximately €14,4 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 a key value 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. This attribution campaign is designed to include Wendel's employees in the Company's strategy and to interest everyone in its long-term performance. As a result, 91% of the Company's employees were shareholders at December 31, 2021.

The Group Savings Plan

The Wendel Group savings plan is a collective savings scheme that allows employees of Wendel France and Luxembourg who so wish to build up personal savings with the help of the Company. The 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 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.

In 2021, employees were able to participate in two capital increases, the first in October and the second in December. A total of 28,824 shares were subscribed in the two transactions by 96% of eligible employees, through two bridging funds created for the occasion, which were then merged with the Wendel mutual fund, the FCPE. Once again this year, employees were able to benefit from a discount of 30% and their voluntary payment was increased up to the maximum legal ceilings.

At December 31, 2021, former employees and employees (excluding members of the Executive Board) held 0.19% of Wendel's share capital in the Wendel FCPE and the Wendel 2021 FCPE Relais No. 2, the two funds having merged in January 2022, and 0.50% of Wendel's share capital in the PEG in pure registered form.

Grant of stock options and performance shares

89% of employees worldwide on the grant date received stock options and/or performance shares.

In addition to the two Executive Board members, 76 employees in France and abroad received stock options and/or performance

shares by virtue of the authorization granted at the Shareholders' Meeting of June 29, 2021 and the Executive Board's decision on July 30, 2021.

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, 2021:

- 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 the ten employees and former employees (excluding members of the Executive Board) who exercised the greatest number individually.

	Total number	Strike price weighted average
Options granted during the year to the ten Group employees who were granted the largest number of options	33,649	€110.97
Options exercised during the year by employees and former employees whose number of options thus purchased or subscribed is the highest	50,661	€87.22 ⁽¹⁾

(1) In 2021, these options were exercised at a price of €80.91 (W 4 plan), €54.93 (W 5 plan), €82.90 (W 6 plan) and €112.39 (W 8 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 40,461 shares, a cumulative total for the two performance share plans granted during the year.

Offering additional pension benefits

■ "PERECOL" pension plan

In 2010, a Company pension plan "Perco" was introduced for employees in France. Its purpose is to enable the Company's beneficiaries to build up savings, with the Company's help, in the form of a collective portfolio of securities and to benefit from the advantages associated with this form of collective savings and to offer, on the basis of this, a supplementary financing mechanism for retirement. In accordance with the PACTE law (law on the growth and transformation of companies), in order to harmonize and simplify retirement savings products, Wendel has transformed the PERCO plan into a PERECOL (*Plan d'Épargne Retraite d'Entreprise Collectif* - Collective Company Retirement Savings Plan), providing its employees with more favorable measures. The amendment signed in July 2021 replaces in all its provisions those of the agreement of November 30, 2010 and its amendment signed on April 9, 2020.

The Company matches certain contributions up to the legal limit.

On December 31, 2021, 58.06% of the employees present had already invested in PERECOL, compared with 50.85% 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, 2021, there were 36 retirees and two 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 the course of 2020, Wendel's Code of Ethics was completely revised and mandatory training on this subject was provided. The purpose of this training was to raise employee awareness of Wendel's commitments to upholding individual and human rights. This Code of Ethics is given to each new employee hired on arrival.

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. As explained in the training section, almost all employees in the French and Luxembourg offices have been trained or made aware of the issue of harassment and, more generally, of psychosocial risks. In addition, certain employees involved in the recruitment process have taken a "recruiting without discrimination" training module.

Health and safety of the workforce in a global health crisis

Wendel pays close attention to the health and safety of its workforce. In the unprecedented health context related to Covid-19, the Group strictly applies the governmental directives in the countries where it operates (remote working, health protocol, etc.) Everything is done to allow everyone to work remotely in the best conditions (individual office equipment when requested, computers for everyone, computer hotline, etc.) in order to maintain the activity while ensuring the well-being of all. Regular communications are sent to all employees to remind them of the rules in force.

A Covid-19 unit is in place since 2020 to answer employees' questions and provide teams with information on specific measures such as telehealth 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 regulations.

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.

The Company has implemented a very strict health protocol in its offices that allows each employee moving around the premises to have access to a reassuring and secure environment in terms of hygiene and health.

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 various lockdown periods 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 was adapted to the context with the implementation of an online training offer for all interested employees (see the chapter dedicated to training in section 4.1.7). In the majority of cases, depending on the training courses and when this was made possible by the service providers or the health context, employees were able to select the format best suited to their needs (face-to-face or distance learning). Workshops and in-house events are regularly offered to ensure and maintain team cohesion.

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 sponsorship policy, strengthened in 2018, was continued in 2021 in the form of recurring or one-off donations to the world of culture, education and solidarity.

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 2020, Wendel renewed its sponsorship agreement with the Centre Pompidou-Metz for another five years. In the midst of the economic and health crisis linked to Covid-19, it was of crucial importance for Wendel to continue to support the world of culture.

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 for 2021

- A prioritized commitment to solidarity in the context of a health crisis.

In 2021, Wendel continued to support solidarity projects, on the one hand by renewing some of its commitments and on the other hand by choosing to associate itself with new causes.

Support for charitable organizations can take many forms. It can take the form of a donation that will contribute to the overall budget of the organization, thus enabling the charity to cover its various actions for a given year. Or it can be in the form of support for a specific project.

Wendel has therefore renewed its donations to charitable organizations, some of which it has supported since 2018, namely:

- The Bowery Mission (United States);
- Clubhouse France (France);
- The Fondation de la Maison de la Gendarmerie (France);
- iMentor (United States);
- Les Restaurants du Cœur (France);
- 914 Cares - Empty Bowls (United States).

And supported new charitable organizations for 2021:

- Memorial Sloan Kettering Cancer Center (United States);
- Mosaics 9 (France);
- Civil protection (France).

Lastly, through its participation in the Crisis Prevention Institute (CPI), Wendel has renewed a training assistance program initiated in 2020, 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, in 2021, Wendel's charitable donations amounted to €834,265.

- A day of skills sponsorship offered to all Wendel employees.

Since 2021, as part of the reinforcement of its philanthropy strategy, Wendel has 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.

Wendel launches its "Wendel Cares" endowment fund

In 2022, Wendel's philanthropic approach will become further established through the creation of an endowment fund that now includes all of the Company's philanthropic actions.

During 2021, Wendel's teams worked on the creation of this endowment fund to standardize the Company's philanthropic approach and make it more ambitious. Named "Wendel Cares", its purpose is to finance structures/charities submitted through internal and external calls for projects that fall within one of the five areas to which it has chosen to commit. These projects are then selected by the fund's Board of Directors, which is now made up of employees from each department, recruited to best represent Wendel's identity.

- Wendel Cares' areas of commitment.

In addition to the two historical pillars of education and culture, three new areas of commitment have been chosen to define its scope of action:

- equal opportunities and professional integration;
- medical research and health; and
- environmental protection.

**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 2021, professional contributions amounted to approximately €131,000.

Think tanks

Wendel is a partner of: Institut Montaigne.

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.

Integration of ESG throughout the Investment Cycle

Extra-financial issues within Wendel Group subsidiaries: consideration of risks and opportunities to build sustainable leaders

Risk description

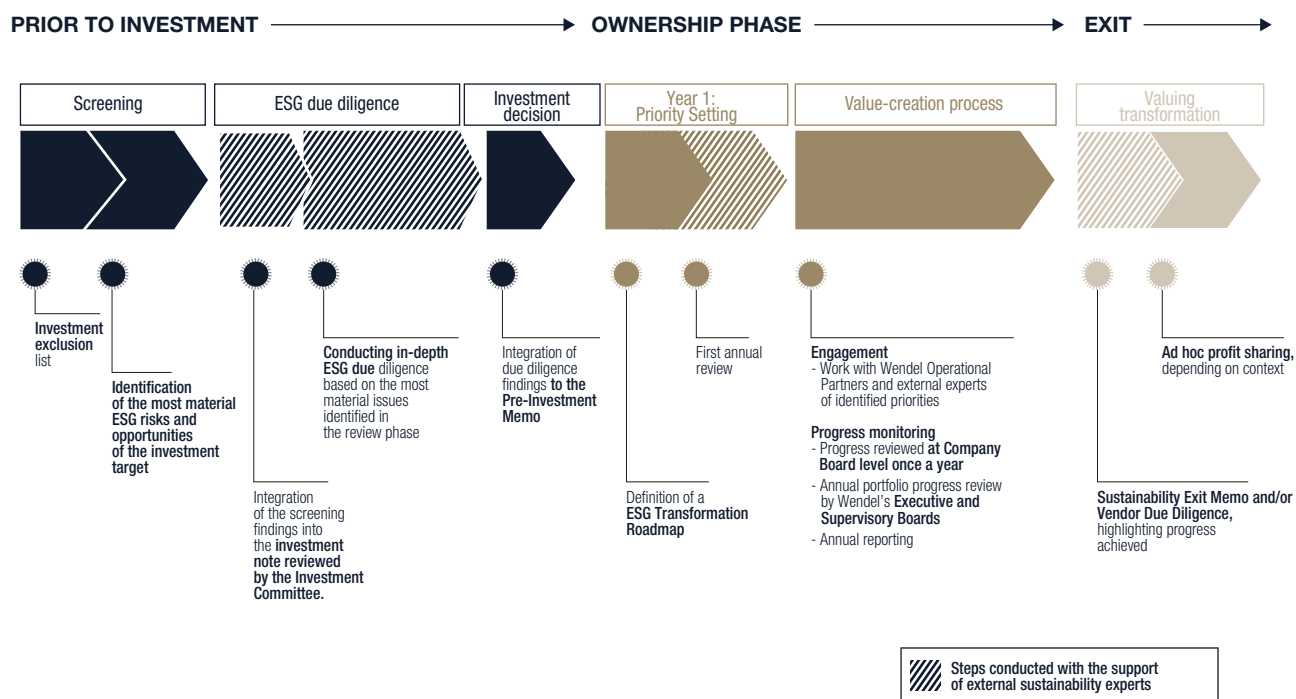
By investing for the long term, Wendel is committed to working with entrepreneurial teams to build sustainable leaders. Wendel believes it is essential for the companies in which it invests to take into account extra-financial issues, both in terms of the risks they may involve and the sustainable value 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

At the beginning of 2020, Wendel defined a responsible investment procedure that it applies and enriches as investment opportunities arise, and integrates the study of 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 this phase, particular attention is paid to the consideration of the four priority ESG themes: (i) climate change, (ii) diversity and gender (iii) consumer and employee health and safety (iv) development of sustainable products and services;
- 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.

Since 2021, Wendel has also committed to conducting an analysis of the risks and opportunities related to accelerating climate change in its controlled companies. This analysis will also be conducted in newly acquired companies;

- at exit: the transformation achieved within the Company will be highlighted and showcased through an exit memo. When circumstances allow it, Wendel ensures wherever possible, that it associates the teams of the divested company with the value created.

Exclusion policy

For fiscal year 2021, Wendel has updated its Investment Exclusion Policy, which applies to all new investments⁽¹⁾. This policy was approved by the Wendel Executive Board on November 9, 2021. The exclusion policy will be reviewed each year.

(1) The excluded sectors in bold are sectors that were added to the list in 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 responsible for the production, distribution, marketing or trading in:

1. tobacco;
2. pornography;
3. controversial weapons, as defined by the following treaties:
 - the Treaty on the Non-proliferation of Nuclear Weapons (1968),
 - the Biological Weapons Convention (1975),
 - the Chemical Weapons Convention (1997),
 - the Ottawa Treaty (1997) on antipersonnel mines,
 - the Convention on Cluster Munitions (2008);
4. firearms;
5. gambling facilities or products;
6. coal mining and coal-based power generation;
7. narcotics;
8. fur;
9. asbestos.

All of the above actions led to the following results in 2021:

	2021	2020
Number of investment team members trained in ESG work to be undertaken in portfolio companies	100%	N/A
Percentage of investment opportunities reviewed under the Group's exclusion policy	100%	100%
Percentage of investment opportunities studied that have undergone due diligence covering ESG risks and opportunities	100%	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 addition to the sector exclusions set out above for all of the Company's direct investments, Wendel will also pay the utmost attention to indirect economic exposure to these business segments, in particular when examining investment opportunities that have passed the first filter of the exclusion list.

In 2021, in order to deepen the responsible investment approach and place it at the heart of the investment activity, Wendel has undertaken the following actions:

- integration of ESG due diligence with strategic and commercial due diligence, in order to highlight the issues of value creation and/or destruction;
- strengthened collaboration with the Operating Partners to ensure rigorous monitoring of the commitments of each controlled portfolio company at all levels, from the Board of Directors to operational management;
- training of investment teams in the various ESG workstreams undertaken by our operating subsidiaries (updating the ESG roadmap, establishing a climate risk analysis, etc.).

In 2021, 100% of Wendel's controlled portfolio companies had a strategic ESG roadmap. This roadmap systematically includes the four priority ESG themes defined by Wendel.

Priority themes defined by Wendel



Equality
and diversity



Climate



Health and safety
of employees
and consumers



Sustainable
and/or eco-designed
products
and services

Wendel closely monitors the quality of the roadmaps drawn up by its operating subsidiaries and any progress made on them. Rigorous monitoring of ESG performance is carried out through:

- frequent exchanges with the sustainable development teams of portfolio companies. These exchanges include the Operating Partners;
- a structured review of the progress made towards the objectives set out in the roadmap, as determined by the Board of Directors and/or the Audit Committee of the controlled company.

In addition, the level of progress achieved by portfolio companies is reported to the Supervisory Board, Wendel's Executive Board, and the members of the ESG Steering Committee.

Wendel's management and the management teams of the portfolio companies are also held accountable for progress against this roadmap with an alignment of variable compensation with performance.

Thus, in fiscal 2021, 100% of the top management of the controlled portfolio companies had a portion of their variable compensation tied to ESG criteria. In addition, the stock option plan for the Executive Board for the year 2021, which constitutes 15% of the total compensation for the members of the Executive Board, increases the exposure of the Chairman of the Executive Board's total compensation to the Group's ESG performance to 19.2% for the year.

	2021	2020
% of the management teams of controlled portfolio companies whose variable compensation is aligned with the ESG performance of their Company	100%	80%
% of the Chairman of the Executive Board's total compensation contingent on the Group's ESG performance	19.2%	Only variable portion indexed to ESG
% of Wendel teams whose variable compensation is contingent on ESG performance criteria	23%	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.

In 2021, Wendel won the Transparency Award and was nominated for the award for the quality of extra-financial information. This distinction rewards the efforts already made and those that are continuing, in order to align extra-financial information with the highest standards of disclosure and reporting. The table below summarizes the standards adopted or in the process of being adopted by 2023:

Standard or reporting exercise Status in 2021	State of progress in 2021
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)	See Climate Plan chapter – Built on TCFD recommendations

In 2021, Wendel strengthened its program of meetings and exchanges with institutional and individual investors on the subject of ESG, by participating in dedicated conferences or by directly soliciting its committed investors on these issues. A total of ten meetings were organized. Once again this year, the Group participated in an event on ESG organized by the French Society of Financial Analysts (SFAF).

During the year, all major events organized for shareholders and investors (Shareholders' Meeting, Investor Day) included a presentation of the Group's ESG approach and the companies in its portfolio. The Group's communication media (brochures, social media, etc.) regularly include information on the ESG performance of Wendel and its companies.

The extra-financial scores and ratings received by Wendel in 2021 are presented in section 4.1.6.

Promoting operational excellence and ESG innovation within the portfolio to generate sustainable growth

Wendel is deeply convinced that sustainability issues create value. In this regard, the Company closely monitors the ESG performance of its controlled companies, in particular with respect to each of Wendel's four ESG priorities.

In order to facilitate the readability of ESG performance at the portfolio level, Wendel makes sure to present a consolidated measurement indicator for these priority issues whenever possible.

1. Mitigating climate change

- **Emissions generated by the Wendel Group and its non-controlled subsidiaries amounted to 2,269,787 teq CO₂, compared to 1,581,988 teq CO₂ in 2020.** This increase is due to the following changes: Tarkett was included in the scope of non-controlled assets, Cromology left the scope of controlled assets, and CPI calculated its carbon footprint.
- On the consolidated investment portfolio on a like-for-like basis between 2020 and 2021, i.e. excluding Cromology and the holding company Wendel S.E., **emissions generated rose marginally to 1,614,917 teq CO₂ in 2021 from 1,586,781 teq CO₂ in 2020.**

Emissions generated by Wendel in 2021

(in teqCO_2)	Gross emissions of the consolidated investment portfolio ⁽¹⁾	Wendel Group (Wendel SE and portfolio of weighted consolidated investments) ⁽²⁾	Non-controlled weighted assets ⁽³⁾	Wendel Group and Non-Controlled Assets	Wendel Group - 2020 Fiscal Year ⁽⁴⁾
Scope 1	202,174	105,692	22,082	127,774	104,477
Scope 2	235,993	122,407	19,445	141,852	125,183
Scope 3	2,438,683	1,393,165	626,259	2,000,161	1,352,328
TOTAL	2,876,850	1,621,264	645,523	2,269,787	1,581,988

(1) Sum of emissions generated by Bureau Veritas, Constantia Flexibles, Stahl and CPI, not weighted by the shareholding rate as of 12/31/2021.

(2) Weighting by the shareholding rate as of 12/31/2021 for portfolio companies.

(3) Information available for Tarkett only. Information not available for IHS Towers and assets invested via Wendel Lab.

(4) Information not available for non-controlled assets in 2020 (IHS Towers and assets invested via Wendel Lab).

- 100% of controlled companies in the portfolio have defined commitments to reduce their emissions, and 75% of them have committed to implementing a target compatible with the emissions reduction trajectory established via the Paris Agreement and validated by the Science-based target initiative (SBTi).

2. Employee health and safety

- The average frequency rate of workplace accidents in the portfolio of consolidated companies was 1.14, slightly up over the fiscal year compared to 2020 (1.08). The average severity rate is nevertheless down (0.03 in 2021 compared to 0.04 in 2020).
- 100% of controlled companies have implemented a continuous improvement process for health and safety in the workplace.

3. Promotion of diversity and gender parity

- Wendel advocates an exemplary approach and strives to increase the proportion of women in director positions. This ratio stood at 26% in 2021. The average percentage of women in the governance bodies of portfolio companies is rising, standing at 26% in 2021 compared to 23% in 2020. The average percentage of women in management positions within the Group's entities fell slightly from 24% in 2020 to 23% in 2021.
- In terms of gender diversity, 100% of companies have implemented gender-related objectives in their roadmap.

4. Innovation and eco-design

The share of products and services with added environmental and/or social value offered by portfolio companies amounted to 54% of Wendel's consolidated net sales in 2021. This ratio is based either on the ratio of eligibility for taxonomy in relation to the net sales of the company concerned (for Stahl), or on the net sales ratios of the consolidated companies that correspond to products and services contributing to environmental or social objectives other than climate change mitigation and adaptation (the only environmental objectives currently covered by the European green taxonomy - see chapter 4.1.9).

This ratio for products and services with added environmental and/or social value therefore covers:

- Bureau Veritas' "Green Line" certification services offering, which represents 52% of its sales. The associated share of net sales has been estimated on the basis of this sales ratio;
- Constantia Flexibles' recyclable flexible packaging offering, which represented an estimated 55% of its net sales in 2020⁽¹⁾;
- Stahl's products eligible for the European environmental taxonomy, which represented 57% of the company's net sales in 2021. These eligible products are products whose composition (high water content and low solvent content) results in a significant reduction in CO₂ emissions generated over the life cycle of the product;⁽²⁾
- the entire CPI training offer, which is to reduce violent behavior and improve personal safety in the workplace.

(1) The ratios relating to the recyclability of Constantia Flexibles' solutions are only available for the previous fiscal year (2020).

(2) Life cycle analyses carried out by Stahl measure only the emissions generated from the beginning to the end of the production process. Given the end use of the product, it is considered that most of the emissions are generated during the manufacturing process.

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.

SUSTAINABLE DEVELOPMENT GOALS



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 companies, 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.

In 2021, all companies have included an explicit reference to the SDG framework in their ESG roadmap and have selected the sustainability objectives to which they are committed to contribute through responsible conduct of their business.

4.1.8 Climate Plan

Wendel recognizes the urgency of the fight against climate change and the need to take into account the potential risks and opportunities it generates in its strategic planning and operational management.

In full compliance with its role as a shareholder, in 2021 Wendel assisted its controlled companies in conducting an analysis of the risks and opportunities of climate change to which each of these companies could be exposed. The objective of this approach is to identify risks with severe economic repercussions, and to anticipate the necessary changes so that these companies retain all their resilience and competitiveness in a low-carbon society.

In order to conduct this assessment, Wendel relied on the TCFD (Task Force on Climate-related Financial Disclosure) framework, which has developed recommendations for communicating climate-relevant information. The objectives of this framework are to:

- promote more informed investment, credit and insurance decisions;
- enable stakeholders to better understand the exposure of assets to climate-related risks;
- enable companies to integrate climate-related risks and opportunities into their risk management and strategic planning processes.

The TCFD framework assesses climate risk through four themes: governance, strategy, risk management and measurement and targets

The conclusions of the analysis conducted enabled Wendel to establish:

- (i) its alignment with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD);
- (ii) a table of transition risks and physical risks to which Wendel and its controlled portfolio companies are exposed;
- (iii) a short- and medium-term action plan to improve the climate resilience of the Company and its portfolio.

This diagnostic phase is the first step in a four-year climate plan, on which Wendel is committed to sharing its progress annually.

The successful implementation of this climate plan is a condition for the 2021-2024 stock option plan for the Executive Board and for all employees of Wendel SE concerned.

Wendel's alignment with the TCFD recommendations

TCFD pillar	TCFD recommendations	Wendel positioning
Climate governance	Description of the roles of Management and the Board of Directors in monitoring and managing risks and opportunities related to climate change.	<p>The responsibility for managing the effects of climate change is borne at all levels of the Company.</p> <p>A criterion related to the management of climate change conditions the variable compensation of the Executive Board, as well as the stock option plan for all employees of the Company. (See paragraph <i>Options granted in respect of fiscal year 2021</i> in Section 2.2.2.2).</p> <p>The Supervisory Board receives dedicated presentations on ESG progress observed within the controlled portfolio, including efforts to reduce emissions.</p> <p>In 2021, all CEOs of controlled portfolio companies had a portion of their variable compensation tied to a climate-related objective. The achievement of this objective is recorded by the Board of Directors of the controlled company.</p> <p>Wendel's ESG team regularly monitors the process of measuring and reducing the emissions of Wendel SE and its controlled companies.</p>
Corporate strategy	Identification of risks and opportunities related to climate change in the short, medium and long term, and their impacts on the organization's activities, strategy and financial management. Alignment of the company's strategy with a low-carbon trajectory.	<p>Wendel's approach as a long-term investor, strongly oriented towards value creation through ESG leverage, demonstrates that sustainability issues are at the heart of its strategy. Climate change management is positioned as one of the four ESG priorities established by the Company. Today, 100% of the controlled portfolio companies have defined low-carbon products and services:</p> <ul style="list-style-type: none"> ■ Green Line segment on energy efficiency and low-carbon transition proposed by Bureau Veritas; ■ Constantia Flexibles' offer of recyclable packaging; ■ development of products containing renewable carbon by Stahl; ■ digitalization of CPI's training courses.
Risk management	Description of the process of identifying and managing climate-related risks, and integrating them into the company's overall risk management process.	<p>The risk factors to which Wendel is exposed, as presented in chapter 3, mention ESG and climate risks, demonstrating that these are integrated and prioritized in the Company's overall risk management.</p> <p>In addition, the risk analysis conducted in 2021 ensures compliance with TCFD standards (see risk table below) and has been presented to the Director of Internal Control of Wendel SE.</p> <p>The financial estimate of impacts will be calculated on the basis of the climate plans established by the portfolio companies.</p>
Measurement and objectives	Having indicators to measure the organization's performance with respect to its climate commitments, in particular information on the organization's carbon footprint across all its scopes, and setting reduction targets.	<p>100% of the controlled portfolio companies offer a complete and public measurement of their carbon footprint, according to the GHG Protocol standards, and all of these companies, with the exception of Stahl, have a reduction target covering all their Scopes 1, 2 and 3.</p> <p>Today, 75% of the controlled portfolio companies, representing nearly all consolidated revenue in 2021, have publicly committed to defining a reduction target approved by the Science-Based Target initiative. Wendel's objective is to support its entire controlled portfolio in this process, and to establish a reduction target at Group level.</p>

Exposure to physical hazards and transition risks

The risk analysis prepared in 2021 is based on the classification table of climate risks and opportunities as defined by the TCFD for transition risks. For physical hazards, the physical hazard modeling is based on RCP 8.5 weather scenario data for 2030 and 2050.

The table below summarizes the main risks and opportunities identified during this diagnostic phase. It includes, where relevant, the risks arising from the Bureau Veritas Climate Plan as published in the Company's 2020 Universal Registration Document.

Transition risks and opportunities				
Transition risk/opportunity	Risk/opportunity category as presented in the TCFD classification	Description	Exposure level	Measures in place or recommended
Transition risk	Carbon price increase.	Estimates from the International Energy Agency anticipate a 250% increase in the price per ton of carbon by 2050, assuming a low-carbon transition ⁽¹⁾ . With the exception of Constantia Flexibles, no other company in the portfolio has facilities subject to the emissions trading scheme. This increase will have mainly indirect effects in the value chain of the portfolio companies (transport, energy, raw materials, etc.).	****	Measuring and anticipating the potential cost generated by a carbon emissions tax. For the portfolio companies and for future investment opportunities studied, a carbon cost is estimated. Vigilance with regard to the applicability of emissions trading systems (size of facilities, choice of geographical location, etc.).
Transition risk	Stricter regulations on emissions generated.	Recent examples related to the European environmental taxonomy and the future European Fit for 55 package demonstrate the strongly evolving nature of the regulations related to low-carbon alignment and emissions reduction. These new regulations generate direct costs (internal and external resources mobilized to verify compliance) as well as indirect costs over the long term (operational transformation necessary for compliance).	**	As a listed company, Wendel monitors changes in European and international regulations on climate impact reduction. It also encourages the controlled companies to respect the best standards in terms of reducing their emissions (e.g. reduction trajectory currently awaiting approval from the SBTi for Bureau Veritas and Stahl, and already established for Constantia Flexibles). The companies in the portfolio also carry out more specific monitoring of certain subjects to which they may be exposed (e.g. the carbon credit market, environmental labeling, circular economy, etc.).
Transition risk and opportunity	Change in raw material costs.	The energy transition will require a rapid increase in renewable energy production capacity. In this respect, certain metals such as aluminum, which is essential for the manufacture of wind turbines, will face significant supply pressures. This metal represents around 35% of the raw materials used by Constantia. Nevertheless, this transition to renewable energy will automatically reduce the current costs of renewable energy. Wendel and its portfolio companies are all committed to significantly increasing the share of renewable energy in their total consumption.	***	Securing multiple and diversified supply chains. Reflection within the internal production lines in order to optimize the quantities of product used. Participation in the improvement of recycling capacities in order to promote the reuse of certain raw materials.

(1) World Energy Outlook study by the International Energy Agency, 2020.

Transition risks and opportunities				
Transition risk/opportunity	Risk/opportunity category as presented in the TCFD classification	Description	Exposure level	Measures in place or recommended
Transition opportunity	Substitution of existing products and services in favor of low-carbon solutions.	<p>The transition to a low-carbon economy will require the transformation or discontinuation of certain products and services, the manufacture and consumption of which will become difficult to reconcile with the emission levels to be respected.</p> <p>The main example in the portfolio to date is the leather treatment products developed by Stahl, which are based on petrochemical components.</p>	***	<p>Wendel encourages its portfolio companies to constantly monitor emerging trends and the risks of substitution in their respective products.</p> <p>For example, in 2021, Stahl's water-based (as opposed to solvent-based) solutions already accounted for 57% of the company's net sales. This composition is a low-carbon alternative to existing solutions, reducing emissions over the life of the product.</p> <p>Furthermore, as a founding member of the Renewable Carbon Initiative, Stahl was quick to anticipate the transition to renewable carbon solutions.</p> <p>Stahl is working to increase the proportion of products in its portfolio that meet these criteria.</p>
Transition opportunity	Changes in consumer expectations.	<p>The transition to a carbon society will transform the needs and consumption habits of society as a whole. While some products may be abandoned, new needs may emerge. The main examples within the Wendel portfolio are:</p> <ul style="list-style-type: none"> ■ the gradual shift to recyclable flexible packaging solutions as deployed by Constantia Flexibles, in order to limit life cycle emissions from single-use plastics; ■ the management and support of trauma related to natural disasters or severe weather events. CPI, leader in the management of violent behavior, will be increasingly in demand due to the increase in severe weather events; ■ the development of needs related to corporate social responsibility, eco-efficiency, emissions reduction and climate change adaptation, as expressed by Bureau Veritas group customers. 	**	<p>Constantia Flexibles is committed to providing recyclable solutions wherever possible and continues to improve its technical and operational capabilities to accelerate the adoption of such solutions by its customers.</p> <p>CPI is already involved in the management of people who have survived severe climate events, training customer first aid and hospital organizations</p> <p>Lastly, Bureau Veritas' Green Line offering addresses all emerging needs related to the low-carbon transition (renewable energies, new forms of mobility, low-carbon buildings, etc.).</p>
Physical hazards and opportunities - moderate or severe risks				

At the Wendel Group level, 9 of the Stahl and Constantia Flexibles sites have been identified as sites that are vulnerable to potentially moderate or severe physical hazards by 2050.

The Bureau Veritas Climate Plan does not present the number of sites subject to moderate or severe physical risks but nevertheless establishes that these physical risks could have a total financial impact of up to €170 million by 2050⁽¹⁾. No moderate or severe hazard sites have been identified for Wendel SE and CPI.

The identification of hazard sites is based exclusively on the RCP 8.5 weather scenario projections to 2050. This process does not therefore include the existence of protection measures put in place by the Company or by third parties (such as the local authority where the Company is located, for example). This assessment of the real and actual hazards on the most vulnerable sites must be established in 2022.

(1) For more information, see Chapter 2.4 - Climate Plan in the Bureau Veritas 2020 Universal Registration Document.

Climate action plan

Following the diagnosis, Wendel has identified the following actions to be implemented in the short and medium term:

- in 2022, all controlled portfolio companies must have a plan approved by their Board of Directors to address the vulnerabilities identified in the analysis;
- companies exposed to physical weather hazards are encouraged to check their insurance and risk coverage arrangements to ensure that the weather hazards to which they

may be exposed are included in the protection they have in place. Companies are also invited to better estimate their actual exposure to the identified risks, particularly with regard to the systems already in place;

- efforts to reduce greenhouse gas emissions must be continued and strengthened, establishing, whenever possible, a reduction target in line with a global warming trajectory below 1.5°C.

4.1.9 European Green Taxonomy

Pursuant to Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020, on the establishment of a framework to facilitate sustainable investment, Wendel has prepared a report on its income, capital expenditure (CapEx) and operating expenses (OpEx) eligible for alignment with the requirements of the European environmental taxonomy.

This regulation aims to direct financing towards activities that contribute significantly to the achievement of one or more of the Taxonomy's six environmental objectives:

- climate change mitigation;
- adaptation to climate change;
- sustainable use and protection of aquatic and marine resources;

- the transition to a circular economy;
- pollution prevention and reduction;
- protection and restoration of biodiversity and ecosystems.

To date, only the delegated act on climate change mitigation and adaptation has been adopted (objectives 1 and 2).

This report therefore establishes eligibility for these first two environmental objectives. As a result, contributions to other environmental objectives (such as the circular economy) are not captured in the ratios presented

4.1.9.1 Presentation of taxonomy eligibility ratios

The table below presents the eligibility ratios for the consolidated portfolio companies, as well as the value for the Wendel Group. All values presented in the tables below are for the year 2021.

Economic activity	Unit	Bureau Veritas	Constantia Flexibles	CPI	Stahl	Total
Net sales						
Net sales eligible for taxonomy	In millions of euros	184.8	0	0	470.6	655.5
Total net sales	In millions of euros	4,981	1,603.4	88.3	831.3	7 503.9
Share of net sales eligible for taxonomy	%	3.7%	0%	0%	56,6%	8,7%
Total Capex						
Share of CapEx eligible for taxonomy	In millions of euros	103.8	8.8	0	1.4	114.1
Total Capex	In millions of euros	259.9	92	1	22.9	375.8
Share of CapEx eligible for taxonomy	%	39.9%	9.6%	0%	6.1%	30.4%
OpEx						
OpEx eligible for taxonomy	In millions of euros	48.8	12.2	0	0	61
Total OpEx	In millions of euros	159.5	30.3	0.2	11	201
Share of OpEx eligible for taxonomy	%	30.6%	40.3%	0%	0%	30.3%

Eligibility for taxonomy in consolidated net sales

Economic activities	Net sales (in millions of euros)	Proportion of net sales (in %)
A. BUSINESS ACTIVITIES ELIGIBLE FOR TAXONOMY		
3.6. Production of other low-carbon technologies	470.6	6.3%
6.14. Rail transport infrastructure	20.9	0.3%
6.15. Infrastructure for low-carbon transportation and public transport infrastructure	6.2	0.1%
7.3. Installation, maintenance and repair of energy efficiency equipment	85.3	1.1%
7.6. Installation, maintenance and repair of renewable energy technologies	41.9	0.6%
9.3. Professional services related to the energy performance of buildings	30.6	0.4%
Net sales eligible for taxonomy (A)	655.5	8.7%
B. BUSINESS ACTIVITIES NOT ELIGIBLE FOR TAXONOMY		
Net sales not eligible for taxonomy (B)	6,848.4	91.3%
TOTAL (A + B)	7,503.9	100%

During fiscal year 2021, the eligibility rate of Group net sales for taxonomy was 8.7%.

The business activities of Group entities eligible for the first two objectives of the taxonomy are as follows:

- Bureau Veritas: Five types of services offered by Bureau Veritas are considered eligible: (i) inspection and monitoring of works for electrified rail transport infrastructure and stations, (ii) accredited energy audits and assessment of the energy performance of buildings, (iii) initial and in-service

inspections of electric vehicle charging stations (iv) Energy savings certificates issued in France, and (v) inspections of equipment for the production of renewable energy;

- Stahl: within the Stahl product portfolio, certain products offer, due to their composition (water and solvent content) a significantly lower than market standard carbon footprint over the life cycle of the product. They are therefore considered to be low-carbon technologies, making it possible to reduce greenhouse gas emissions throughout the value chain.

Eligibility for taxonomy in consolidated CapEx

Business activities	CapEx (in millions of euros)	Proportion of CapEx (in %)
A. BUSINESS ACTIVITIES ELIGIBLE FOR TAXONOMY		
3.6. Production of other low-carbon technologies	1.4	0.4%
4.1. Electricity generation using solar photovoltaic technology	0.2	0.04%
4.25. Heat/cold production from waste heat	0.4	0.1%
6.5. Transport by motorcycles, passenger cars and light vehicles	41.2	11%
7.7. Acquisition, holding and construction of new buildings	65.4	17.4%
7.2. Renovation of existing buildings	1.2	0.3%
7.3. Installation, maintenance and repair of energy efficiency equipment	3.1	0.8%
8.1. Data processing, hosting and related activities	1.0	0.3%
CapEx eligible for taxonomy (A)	114.1	30.4%
B. BUSINESS ACTIVITIES NOT ELIGIBLE FOR TAXONOMY		
CapEx not eligible for taxonomy (B)	261.7	69.6%
TOTAL (A + B)	375.8	100%

The capital expenditure taxonomy (CapEx) eligibility rate was 30.4% in 2021.

The main eligible capital expenditure included in this ratio breaks down as follows:

- Bureau Veritas: Eligible capital expenditure concerns new leases for its offices, laboratories and company vehicles;
- Stahl: The capital expenditure considered eligible by Stahl are investments relating to the production facilities of its low-carbon technologies. Capital expenditure related to the

purchase of products and services in sectors eligible for taxonomy has not been assessed and has been excluded from the numerator;

- Constantia Flexibles: Although no eligible activity has been identified within Constantia Flexibles' net sales, certain capital expenditure incurred by the company is eligible, in particular capital expenditure for solar panel equipment and solvent recovery systems for energy recovery, for the construction and renovation of production sites, and for the equipment of the company's fleet of vehicles.

Eligibility for taxonomy in consolidated OpEx

Business activities	OpEx (in millions of euros)	Proportion of OpEx (in %)
A. BUSINESS ACTIVITIES ELIGIBLE FOR TAXONOMY		
3.4. Battery production	0.6	0.3%
4.5. Electricity production from hydraulic energy	0.1	0.04%
4.18. Combined heat and power from geothermal energy	0.2	0.1%
4.25. Heat/cold production from waste heat	0.9	0.5%
6.5. Transport by motorcycles, passenger cars and light commercial vehicles	5.1	2.5%
7.2. Renovation of existing buildings	1.5	0.7%
7.3. Installation, maintenance and repair of energy efficiency equipment	0.4	0.2%
7.6. Installation, maintenance and repair of renewable energy technologies	6.5	3.2%
8.1. Data processing, hosting and related activities	3.5	1.7%
9.3. Professional services related to the energy performance of buildings	42.3	21%
OpEx eligible for taxonomy (A)	61	30.3%
B. BUSINESS ACTIVITIES NOT ELIGIBLE FOR TAXONOMY		
OpEx not eligible for taxonomy (B)	140	69.7%
TOTAL (A + B)	201	100%

The operating expenses taxonomy (OpEx) eligibility rate was 30.3% in 2021. The main eligible operating expenses included in this ratio break down as follows:

- Bureau Veritas: Eligible operating expenses are expenses related to the Group's short-term rents (offices, laboratories and vehicles), as well as research and development expenses;
- Constantia Flexibles: Eligible operating expenses are related to the maintenance of the company's fleet of vehicles and other equipment eligible for taxonomy indicated in the capital expenditure, and the renovation of operated buildings;
- Stahl has not identified any operating expenses eligible for taxonomy in fiscal year 2021.

CPI has not identified any activity or expenditure eligible for the European taxonomy in 2021.

4.1.9.2 Accounting policy

The reporting methodology presented below concerns Stahl, Cflex and CPI. The methodology relating to the ratios calculated by Bureau Veritas published in the Bureau Veritas group's extra-financial performance declaration.

The financial information used was collected at the level of each company in the consolidated scope. Within each company, an in-depth analysis made it possible to identify the revenue, capital expenditure (CapEx) and operating expenditure (OpEx) eligible for the European taxonomy. Company subsidiaries and/or sites have reviewed the list of activities eligible for climate change adaptation and mitigation objectives. Where appropriate, the subsidiaries and/or sites have provided the Group with the corresponding revenue, CapEx and OpEx figures. This assessment was carried out jointly by the finance and ESG departments, at the subsidiary level as well as at the site level when relevant. A detailed review was carried out at Group level to ensure consistency of methodologies and data between subsidiaries and sites, and to avoid double counting of the same expense.

The indicator relating to OpEx covers non-capitalized expenses related to research and development, building renovation measures, short-term leases, maintenance and repairs and any direct expenditure for the upkeep of property, plant & equipment.

The numerator does not include CapEx expenditures and OpEx related to individually sustainable measures within the meaning of taxonomy for Stahl, as they are not available for the year 2021. These amounts are not significant.

This exercise has been carried out in accordance with IFRS and US GAAP accounting standards as indicated in the First Delegated Acts on Sustainable Activities. Bureau Veritas, Stahl and Constantia Flexibles are subject to IFRS and Crisis Prevention Institute (CPI) to US GAAP.

In order to calculate net sales, capital expenditures (CapEx) and operating expenses (OpEx), Wendel has referred to Regulation (EU) 2002/852 and the associated delegated acts.

None of Wendel's companies has implemented a CapEx plan in relation to taxonomy.

To avoid double counting, data was collected at site or subsidiary level, depending on the Company, and a review was carried out at the level of each company in the consolidated scope. The data was then consolidated at Wendel Group level and consistency reviews were carried out.

As the accounting systems of the consolidated companies are strictly separate, there is no double accounting at the level of the Wendel Group. Reciprocal account transactions are considered immaterial.

Activities that contribute to both the climate change adaptation and mitigation objectives have been counted once in the numerator of the consolidated KPIs related to revenue, CapEx and OpEx covering both objectives of the Regulation.

As the taxonomic ratios were provided for the first time in 2021, no qualitative or quantitative information on changes in these ratios (net sales, CapEx and OpEx) is available. Changes will be presented from fiscal year 2022.

The Wendel Group has not issued any bonds or economically sustainable debt securities for the purpose of financing activities identified as complying with the taxonomy.

4.1.10 Wendel's 2023 ESG roadmap: fostering excellence and commitment

I. Fostering excellence and commitment

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

Commitments		2023 targets	KPIs	2020 values	2021 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.	% of employees having signed the Wendel Code of Ethics.	94%	99%	
		100% of employees follow Wendel's annual Business Ethics training course.	% of employees having followed Wendel's annual Business Ethics training course.	98%	99%	
		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	Yes	
		Ensuring that the robustness of our anti-corruption program is assessed annually.	Annual audit of Wendel's Anti-corruption Program [Yes/No].	No	Yes	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.	% of suppliers with a third-party ESG label.	27%		Program implemented in 2022. First assessment carried out in 2021 based on suppliers employed in 2020.
			% of suppliers with a "responsible purchasing" approach.	51%		
ENVIRONMENT	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.).	130	128	
			Indirect GHG emissions (Scope 3) (tons of CO ₂ eq.).	2,978	6,219	
			CO ₂ eq emissions intensity scopes 1 + 2 + 3 per employee (tons of CO ₂ eq/employee).	38	75	
		Reducing our carbon footprint by sourcing 100% renewable energy for Wendel offices worldwide.	% of renewable energies in Wendel's energy consumption.	21%	26%	Renewable energy/Total energy consumed (electricity, gas, district heating) Across all three 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 (tons of CO ₂ eq.).	Program launched in 2021.	400	
			% of emissions offset.	Program launched in 2021.	6%	This concerns Scope 1 and 2.
		Promoting circular solutions and minimizing office waste going to landfill.	% of employees covered by recycling systems.	100%	100%	Across all three offices.
			Total volume of waste recycled per employee (tons).	0.08	0.06	Scope: Paris, Luxembourg. Not available for New York.
		Deploying a plan to reduce the use of paper across all offices.	% change in paper used.	-67%	+11%	2020 value recalculated for the three offices (only available for the Paris office in 2020).

Commitments	2023 targets	KPIs	2020 values	2021 values	Comments and reporting methodology
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	3
			Number of ESG Steering Committee Meetings.	4	7
	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 all employees.	54%	57%
			Gender equality index result.	55/100	53/100
	■ among employees in management positions.		% of women in management positions.	37%	42%
		Among Executive Board and/or Investment Committee and/or Management Committee;	% of women in investment teams.	37%	42%
			% of women on the Executive Board.	0%	0%
			% of women on the Investment Committee.	33%	29%
			% of women on the Management Committee.	45.5%	40%
			% of women on the Coordination Committee.	26%	21%
		■ at Supervisory Board level.	% of women on Supervisory Board.	45%	50%
	Initiatives aimed at sparking conversations and inspiring change.		Number of initiatives to strengthen diversity and non-discrimination.	7	5
	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	20
			Review of salary differences M/F over the year [yes/no].	Yes	Yes
			Review of promotion systems & appointment over the year [yes/no].	Yes	Yes
			Review of M/F hiring rates over the year [yes/no].	Yes	Yes

Commitments		2023 targets	KPIs	2020 values	2021 values	Comments and reporting methodology
SOCIAL	Equipping 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	84	
			% of employees with a skills development plan.	100%	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%	99%	
			Number of hours of non-mandatory training (soft skills or technical, in alignment with employee career development objectives).	2,514	2,483	
			Hours of non-mandatory training (soft skills or technical, in alignment with employee career development objectives).	29.5	29.5	
		100% of employees receive mandatory training to acquire general or technical skills essential to their performance at Wendel.	Number of hours of mandatory training (e.g. annual business ethics training, etc.).	455	371	Compliance training hours and mandatory HR training hours.
			Hours of mandatory training (e.g. annual business ethics training, etc.).	5.4	4.4	
		Conducting quality-of-life-at-work surveys every two years, starting in April 2020.	Survey on quality of life at work [Yes/No].	Yes	Yes	
			Participation rate in the survey on the quality of life at work of employees (%).	60%	81%	
		Formalize and deploy employee wellbeing at work action plans addressing survey findings.	Number of employee well-being initiatives in place.	6	9	
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.	8 am (first launch in 2021).	
		Establish long-term partnerships with at least two organizations.	Number of long-term [> 2 years] partnerships formalized with non-profits [with localization].	3	2	
			Amounts (in euros) paid to different community/ philanthropic projects.	€881.8 thousand	€834.3 thousand	

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	2021 values	Representativity (% of consolidated revenue)	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%	100%	-
		% of investment opportunities reviewed through identification of material ESG risks and opportunities.	100%	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 as implementation started in early 2020.	Yes	-
	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%	100%	-
	Defining precise ESG roadmaps for all portfolio companies.	100% of controlled portfolio companies having formalized an ESG transformation roadmap aligned with their global strategy.	% of controlled portfolio companies with an ESG roadmap.	100%	100%	100%
		100% of portfolio companies' progress vis-à-vis this roadmap is reviewed at Company Board level once a year.	% of controlled portfolio companies for which progress vis-à-vis this roadmap is reviewed at Company Board level for each company annually.	80%	100%	100%
			% of controlled portfolio companies that have had a committee or Board of Directors review an ESG topic.	80%	100%	100%
		The progress of all controlled companies in the portfolio with respect to their ESG roadmap is reviewed each year by Wendel's Executive Board.	% of ESG transformation roadmaps reviewed each year by Wendel's Executive Board.	80%	100%	100%
		The progress of all controlled companies in the portfolio with respect to their ESG roadmap is reviewed each year by Wendel's Supervisory Board.	ESG roadmaps reviewed each year by Wendel's Governance and Sustainable Development Committee and/or Supervisory Board.	Yes	Yes	-

Commitments		2023 targets	KPIs	2020 values	2021 values	Representativity (% of consolidated revenue)	Reporting methodology
GOVERNANCE	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 CEOs in the controlled portfolio whose variable compensation is contingent on progress on their ESG roadmaps.	80%	100%	100%	
		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 total compensation of the Executive Board contingent on progress on ESG issues.	Only variable portion indexed to ESG	19.2%	-	
		100% of the variable compensation of Wendel's management teams is partially contingent on the progress made by all controlled portfolio companies on their ESG 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	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.			1 st voluntary participation in 2021 - Score available in 2022.	
			Alignment with TCFD [Yes/No] Communication on progress (COP) of the United Nations Global Compact KPIs.	No	Yes See 4.1.9 Climate Plan.	-	
ENVIRONMENT & SOCIAL	Assess and address the portfolio companies' exposure to transition and physical climate risks.	100% of the portfolio companies have completed their carbon footprint assessment and are committed to reducing their emissions.	% of portfolio companies monitoring their carbon footprint.	60%	100%	100%	Disposal of Cromology and realization of CPI's carbon footprint assessment. A carbon footprint is considered to be monitored if the Company calculates at least its Scope 1 and 2 on an annual basis.
			% of controlled portfolio companies calculating their Scopes 1 and 2 carbon emissions.	80%	100%	100%	Realization of CPI's carbon footprint assessment.
			% of controlled portfolio companies that have estimated their scope 3 carbon emissions.	60%	100%	100%	Disposal of Cromology and realization of CPI's carbon footprint assessment.
			CO ₂ eq. emissions of scopes 1+2 (k CO ₂ eq.).	104	128	100%	Total weighted by Wendel's share in each controlled asset. Completion of the CPI carbon assessment for 2021
			CO ₂ eq. emissions of scopes 2 (k CO ₂ eq.).	125	142	100%	
			Total scopes 3 CO ₂ eq. emissions (kT CO ₂ eq.) of the portfolio.	1,364	1,993	100%	

Commitments		2023 targets	KPIs	2020 values	2021 values	Representativity (% of consolidated revenue)	Reporting methodology
ENVIRONMENT & SOCIAL	Assess and address the portfolio companies' exposure to transition and physical climate risks.	100% of the portfolio companies have completed their carbon footprint assessment and are committed to reducing their emissions.	Total scopes 1, 2 and 3 CO ₂ eq. emissions (kT CO ₂ eq.) of the portfolio of controlled assets.	1,578,880	1,614,917	100%	Total weighted by Wendel's share in each controlled asset. Companies concerned: Bureau Veritas, Stahl, Constantia Flexibles and CPI (available only for 2021).
			% of controlled portfolio companies with a reduction target in place.	60%	100%	100%	Disposal of Cromology and definition of a reduction target for CPI.
			% of controlled portfolio companies committed to submitting their reduction target to the Science-Based Target Initiative (SBTi).	60%	75%	100%	All controlled companies with the exception of CPI.
			100% of portfolio companies have assessed their exposure to physical and transition climate change risks and opportunities	-	100%	100%	
			% of controlled portfolio companies using renewable energy for more than 10% of their energy consumption.	40%	50%	100%	Disposal of Cromology. The companies concerned are Stahl and Constantia Flexibles.
			% of renewable energy among portfolio companies.	36%	36%	100%	
			% of controlled portfolio companies with identified climate change risk resilience plans.		Risk analysis finalized in 2021. The action plans will be implemented in 2022.	-	
	Promote operational excellence & ESG-driven innovation across the portfolio companies.	100% of controlled portfolio companies have implemented actions to improve their eco-efficiency and environmental management.	% of controlled portfolio companies that have an environmental management system (in particular via ISO 14001 certification) for all or part of their activities.	80%	75%	100%	All companies except CPI. Disposal of Cromology.
		100% of controlled companies in the portfolio that have adopted a continuous improvement approach to health and safety in the workplace.	Lost-time accident frequency rate (per 1,000,000 hours worked)	1.08	1.14	100%	Calculated on the basis of theoretical hours worked by employees, except for Constantia Flexibles, which takes into account employees and temporary workers.

Commitments	2023 targets	KPIs	2020 values	2021 values	Representativity (% of consolidated revenue)	Reporting methodology
ENVIRONMENT & SOCIAL	Promote operational excellence & ESG-driven innovation across the portfolio companies.	100% of controlled portfolio companies have adopted a continuous improvement approach to health and safety in the workplace.	Workplace accident severity rate (per 1,000 hours worked).	0.04	0.03	100%
			% of controlled companies in the portfolio that have implemented a continuous improvement approach in terms of health and safety in the workplace	80%	100%	100%
			% of controlled companies in the portfolio that have implemented a continuous improvement approach in terms of health and safety in the workplace	80%	100%	100%
			% of controlled portfolio companies with a health and safety management system (in particular OHSAS 18001/ISO 45001) for all or part of their scope of activity.	80%	75%	100%
			% of controlled portfolio companies that organize health and safety training.	100%	100%	100%
	100% of controlled portfolio companies are committed to improving gender balance in their workforce.	% of controlled portfolio companies are committed to improving gender balance in their workforce.		80%	100%	100%
		% of women in the total headcount.		29%	29%	100%
		% of women in management positions.		24%	23%	100%
		% of women in shareholder governance bodies (Board of Directors or Supervisory Board as appropriate).		23%	26%	100%
		% of women in operational governance bodies (Management Committee or Executive Committee as appropriate).		22%	21%	100%
	100% of controlled portfolio companies have identified priorities for offering sustainable products and services and have defined related action plans.	% of controlled portfolio companies. have identified priorities for offering sustainable products and services and have defined related action plans.		100%	100%	100%
		% of net sales associated with sustainable products and services.		28%	54%	100% (68% for 2020)
						% of net sales used to calculate the ratio in 2021: Bureau Veritas: 52% - estimate based on the % of sales associated with the Green Line service offering Constantia Flexibles: 55% - estimate based on 2020 sales Stahl: 57% CPI: 100%

4.2 Wendel's subsidiaries, reviewed by an independent third-party body

4.2.1 Bureau Veritas

4.2.1.1 Bureau Veritas' mission statement

Since 1828, Bureau Veritas has acted as a trust maker between companies, governments and society. The company is the independent, impartial guarantor of its clients' word.

Identity

Bureau Veritas is a world leader in laboratory testing, inspection and certification services. Created in 1828, the group has close to 80,000 employees located in nearly 1,600 offices and laboratories across the globe. Bureau Veritas helps its clients improve their performance by offering services and innovative solutions in order to ensure that their assets, products, infrastructure and processes meet standards and regulations in terms of quality, health and safety, environmental protection and social responsibility.

Bureau Veritas is a Business to Business to Society service company that contributes to positively transforming the world we live in. Bureau Veritas works closely with its clients to address the critical challenges they face and to link these to the emerging aspirations of society. The company plays a pivotal role in building and protecting companies' reputations, supporting them as they forge the foundations of trust that is built to last.

Manifesto

Trust is the very foundation upon which relationships between citizens, public authorities, and companies are built. In today's fast-changing world, this essential link is no longer a given.

Citizens and consumers are seeking out verified and verifiable information on how companies develop, produce and supply their goods and services. Decision makers across all organizations face the challenge of proving their CSR commitments in order to remain competitive and sustainable.

Bureau Veritas' work enables organizations to operate and innovate safely and perform better. Thanks to its unrivaled expertise, technical knowledge and worldwide presence, Bureau Veritas supports its clients by managing quality, safety, health and sustainability risks, to the benefit of society as a whole.

As a Business to Business to Society company, Bureau Veritas believes that today more than ever, trust depends on evidence of responsible progress.

Bureau Veritas brings more to the table than testing, inspection and certification. The work it does goes beyond verifying compliance and has a much wider impact.

The company plays a pivotal role in building and protecting companies' reputations, supporting them as they forge the foundations of a trust that is built to last.

Bureau Veritas' mission: Shaping a World of Trust by ensuring responsible progress.

Vision

A Business to Business to Society company

Bureau Veritas' employees serve its 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.

Mission

Shaping a World of Trust by ensuring responsible progress.

4.2.1.2 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 social and environmental challenges. Going further than 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, by offering a broad range of services aimed at improving its clients' impact on health and safety, security, environment and sustainability.

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 CSR made 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 operates according to a sustainable development model that combines financial performance with Corporate Social Responsibility.

At Bureau Veritas, sustainability issues have been at the heart of our business for almost 200 years, through our expertise in health, safety, quality and environmental protection. Our raison d'être: ***Shaping a World of Trust by ensuring responsible progress.***

Committed to helping its customers with these issues, Bureau Veritas seeks to be consistent and lead the way on sustainability by being particularly demanding with regard to its own impact on the planet and its inhabitants.

Our CSR commitment is aligned with our mission: ***Shaping a Better World.*** At Bureau Veritas, we take a holistic approach to corporate responsibility by focusing equally on the climate emergency as well as on issues of inclusion, diversity, fairness and good governance.

In 2021, we embarked on four major initiatives to accelerate our CSR strategy:

- **Strengthening our governance** to enable us to act more effectively in deploying and managing our global action plan;
- **Renewing our environmental commitment**, to protect biodiversity and fight against climate change by joining the Act4nature and Science Based Targets (SBTi) initiatives;
- **Accelerating the deployment of the BV Green Line**, a series of services and solutions to support our customers in implementing, measuring and achieving their sustainable development objectives. Thanks to our expertise, companies make their ESG initiatives traceable, visible and reliable, so that their impact can be demonstrated in a measurable way;
- **Renewing our support for the hydrogen industry** by participating in several committees aimed at establishing safety regulations for production, transport and storage.

Bureau Veritas made its debut on the Euronext CAC 40 ESG index in 2021 in recognition of its sustainability commitment and performance.

As a «Business to Business to Society» company, Bureau Veritas is committed to its customers and inspired by major societal issues: it supports the United Nations Sustainable Development Goals and the principles of the Global Compact.

Our nearly-80,000 employees remain fully committed to further improving the Group's footprint, particularly by protecting the environment, preserving biodiversity, defending human rights, acting ethically, improving safety and protecting health.



Aldo Cardoso

Chairman of the Board of Directors



Didier Michaud-Daniel

Chief Executive Officer

Further details on the Group's Environment, Social, Governance (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/group/shaping-better-world/statements-policies>.




4.2.1.3 Bureau Veritas' CSR strategy

Bureau Veritas' sustainable development strategy is built on two key pillars:


- Bureau Veritas' ESG services offering addressing needs emerging from clients' environmental and social transitions;
- corporate social and environmental responsibility, which is reflected in Bureau Veritas' implementation of sustainable policies to meet stakeholder expectations.
 - Through its mission and commitment, Bureau Veritas is "Shaping a World of Trust". The Group's sustainable development strategy is fully integrated into this objective, with the aim of "Shaping a Better World". It is built upon three strategic axes:
 - "Shaping a Better Workplace",
 - "Shaping a Better Environment",
 - "Shaping Better Business Practices".

The strategy focuses on five of the UN's Sustainable Development Goals (SDGs) and is based on three sustainability pillars: "Social & Human capital", "Natural capital" and "Governance". The CSR strategy addresses 20 priority subjects, as presented below.


Social & Human capital

	Occupational health and safety
	Human rights
	Access to quality essential healthcare services
	Employee volunteering services
	Equal remuneration for women and men
	Diversity and equal opportunity
	Workplace harassment
	Proportion of women in leadership and other positions
	Employment
	Non-discrimination
	Capacity building
	Availability of skilled workforce

Natural capital

	Energy efficiency
	GHG emissions
	Risks and opportunities due to climate change







































Governance

	Effective, accountable and transparent governance
	Anti-corruption
	Product and quality compliance
	Client privacy & cybersecurity
	Responsible sourcing & supplier ethics

4.2.1.4 Bureau Veritas' key achievements in 2021

2021 marked the first year of a new strategic cycle for 2021-2025. The table below sets out the 19 key indicators in Bureau Veritas' strategic plan for sustainable development.

Since 2020 was heavily disrupted by the health crisis, comparisons are made with respect to 2019.

Indicator	2021 results	2020 results	2019 results	Change 2020 vs. 2021 & 2019 vs. 2021	
Social capital					
Total Accident Rate (TAR)	0.27	0.26	0.38		
Lost Time Rate (LTR)	0.19	0.17	0.23		
ISO 45001 certification rate ⁽¹⁾	92%	87%	86%		
Number of human rights infringements	0	0	0		
Human capital					
Women in executive management roles (EC-II)	26.5%	27.5%	24.4%		
Women in senior management roles (EC-III)	21.5%	19.8%	19.5%		
Overall proportion of women	30%	30%	30%		
Gender pay equity ratio, excluding management	0.95	1.00	1.02		
Number of training hours per employee	29.9	23.9	19.0		
Percentage of employees who received a performance review	55%	N/A	31.4%		
Percentage of employees who received a career development review	19%	N/A	N/A		
Employee engagement rate	70%	69%	64%		
Natural capital					
Annual CO ₂ emissions per employee (tons) ⁽²⁾	2.49	2.44	2.85		
ISO 14001 certification rate ⁽¹⁾	89%	83%	76%		
Governance					
Proportion of employees trained to the Code of Ethics ⁽³⁾	95.8%	98.5%	97.1%		
Number of Code of Ethics infringements	59	57	N/A		
ISO 9001 certification rate ⁽¹⁾	92%	91%	87%		
Net promoter score (NPS)	49.9%	48.3%	43.9%		
Percentage of acceptance of the BPCC	60%	53%	N/A		

(1) Percentage of the global headcount belonging to certified entities.

(2) Net CO₂ emissions corresponding to Scopes 1, 2 and 3 for business travel.

(3) Non-comparable data. The calculation method was extended in 2021 to cover the percentage of employees trained in 2021 regardless of seniority, instead of being limited to new employees recruited during the year.

In 2021, six major initiatives were launched to step up the Group's sustainable development program:

- publication of new policies on **sustainable procurement** and **carbon footprint reduction**;
- renewed commitment to **biodiversity protection**;
- rollout of the **Clarity** solution for managing the CSR program and tracking CSR indicators;

- calculation of a **sustainable development index** for each operating group;

- first reporting in line with the European **Taxonomy** Regulation;
- improvements to the **reliability of strategic indicators**.

Bureau Veritas has pushed ahead with endeavors on being a **fairer, more inclusive company**, on improving **employee safety**, and on reducing its impact on **the environment**.

4.2.1.5 The BV Green Line of services and solutions

Sustainability, along with CSR and ESG matters, have become key growth drivers and trust catalysts for all economic players. Beyond their financial performance and ability to innovate, companies are now valued for and judged on their positive impact on people and the planet.



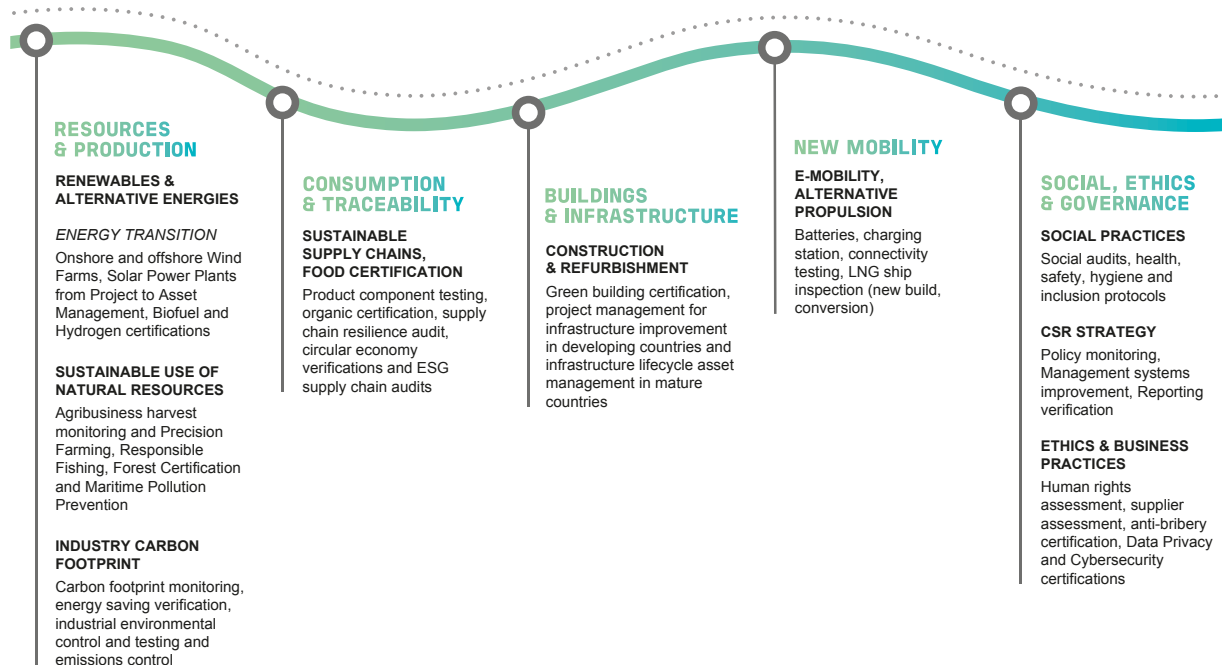
Through its Green Line of services and solutions, Bureau Veritas empowers organizations – both private and public – to implement, measure and achieve their sustainability objectives, reliably and transparently.

In this way, Bureau Veritas helps its clients meet the challenges of product and service quality, health and safety, environmental protection and social responsibility, all along the value chain, in their selection of resources and during production. Bureau Veritas offers its expertise throughout the supply chain, from raw materials sourcing to product use, ensuring fair, responsible sourcing with full traceability. Bureau Veritas provides full support for its Building & Infrastructure clients throughout all project phases: planning, design, construction, operation, and refurbishment. Bureau Veritas plays a vital support role in the field of New Mobility, by providing battery testing services, 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 meet the expectations of their employees and stakeholders.

Bureau Veritas helps its clients make their ESG initiatives traceable, visible and reliable, so that their impact can be measurably demonstrated. By promoting transparency, Bureau Veritas helps them protect their brands and their reputations.

The Bureau Veritas Green Line has five main focuses:



Action plan

The action plan to develop the CSR offer includes the following objectives:

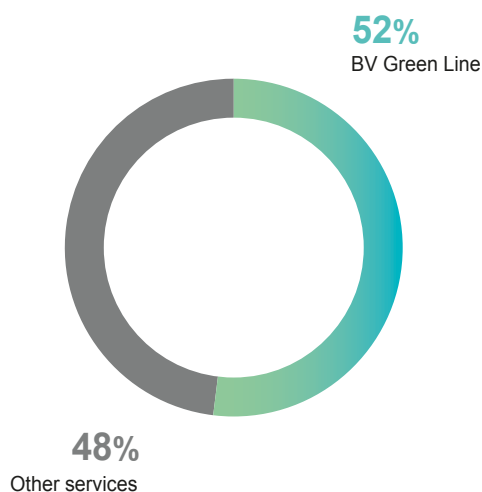
- develop service offerings that meet market needs for environmental, energy and social transitions;
- provide training about the Group's CSR services to client-facing employees;
- present the CSR offering to the Group's main clients;
- set up a reporting system for determining and monitoring the proportion of revenue generated by these services.

Indicators

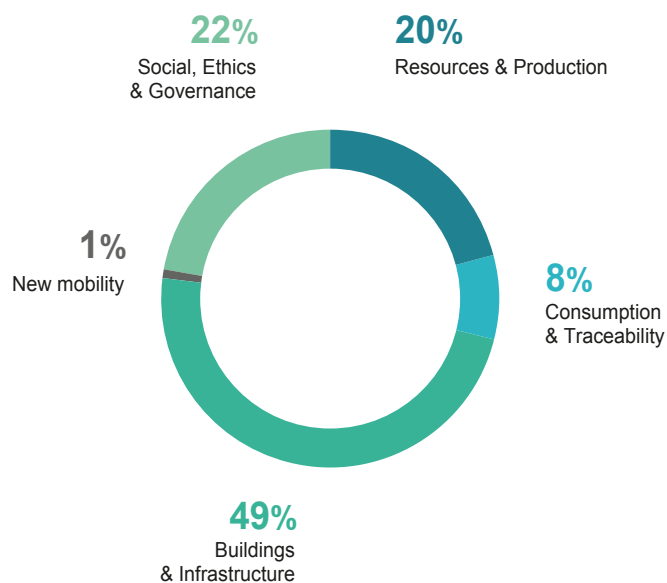
The performance indicator used to monitor this activity is sales and growth in sales.

In 2021, Green Line sales accounted for 52.1% of Bureau Veritas' total sales.

**BREAKDOWN OF GROUP SALES
(FY 2021)**



**BREAKDOWN OF BV GREEN LINE SALES
BY TYPE OF SERVICES**



4.2.1.6 Bureau Veritas' 2021 ESG ratings

Bureau Veritas' ratings all improved significantly in 2021.

Three major recognition achievements came through in 2021:

- entry into the CAC 40 ESG index;
- top ranking in the DJSI professional services category;
- EcoVadis Platinum label.

	Bureau Veritas joins the CAC 40 ESG index
 	Ranked Gold Class in the Sustainability Yearbook 2022 Listed in the "Europe" and "World" indexes Ranked 1st in the Professional Services category with 85/100
	Rated AA Industry adjusted score: 8.5
	Rated Platinum with 78/100 – Top 1%
	Rated B , above sector average (C)
	Rated Advanced with 66/100 Ranked #4/103 in the Business Support Services sector
	Rated low risk with 13.9 Ranked #3 in the "Research and Consulting" category
 	Rated 89/100
	Prime status and rated C+
	Bureau Veritas recognized as a constituent of the FTSE4Good Index Series

VALUE CREATION MODEL

OUR PURPOSE

OUR 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.

5 MACRO TRENDS

- Demographic growth and rapid urbanization
- International trade and supply chain management: disruption and restructuring
- New technologies and accelerating digitalization
- Increasing focus on sustainability and CSR
- Healthcare and hygiene in the spotlight

1 STRATEGIC AMBITION FOR 2025

Capturing the maximum value from existing businesses as well as in businesses adjacent to our core activity and leading sustainability in the TIC sector.

3 VALUE DRIVERS

SCALE

Scale up by getting the maximum value out of existing products and services

EXPAND

Make the right choices regarding growth opportunities in selected key markets

LEAD

Leverage technological advances to drive the evolution of the TIC sector

OUR ENABLERS

The Bureau Veritas brand acts as a guarantor for the seeds of trust we are sowing between companies, governments and consumers. The business is supported by our enablers.

PEOPLE AND CULTURE

Invest in human capital, live by our common values and create a culture of commitment to services

- **79,700** employees
- Qualified, highly-trained and trusted personnel
- **154** nationalities
- An inclusive and international culture
- A business that puts its clients at the heart of its culture
- A global network of sub-contractors

ORGANIZATION AND GOVERNANCE

Sharing the values and the 2025 Strategic Direction

- A long-standing controlling shareholder and a diversified free float
- A robust and balanced financial model with a long-term vision
- **€1,707** million in equity
- A network of almost **140** countries
- Nearly **1,600** offices and laboratories
- **3,500** accreditations, agreements and authorizations
- A strong sustainability commitment

INNOVATION AND DIGITAL

Using digital tools to improve and extend TIC services

- Innovative services and solutions to accompany sustainable development strategies, with trust and transparency
- More than **190** years of brand experience in economic and society transitions
- Numerous alliances and partnerships with leading players
- Group-wide digital transformation

OUR MISSION

Shaping a World of Trust by ensuring responsible progress. Thanks to our unrivaled expertise, technical knowledge and worldwide presence, we support our clients by managing quality, safety and sustainability risks, to the benefit of society as a whole.

OUR SERVICES**CREATING TRUST****SERVICES**

Verification of conformity with regulations or self-imposed standards

- International standards
- Regulations
- Voluntary standards

**SOLUTIONS**

Technical assistance and regulatory support services

**BV GREEN LINE**

A cross-functional offer of services and solutions **to support the implementation of sustainable strategies** that are credible, measurable and legitimate.

OUR END MARKETS

- Buildings & Infrastructure
- Agri-Food and Commodities
- Industry
- Consumer Products
- Marine & Offshore
- Certification

OUR RESULTS**FINANCIAL PERFORMANCE**

- **9.4%** increase in organic growth
- **16.1%** of adjusted operating margin
- **98.6%** cash conversion rate

ESG LEADERSHIP

- **0.27** total accident rate
- **2.49** metric tons of CO₂ emissions per employee per year
- **26.5%** of women in leadership positions
- **29.9** hours of training per employee
- **95.8%** of employees trained in the Code of Ethics

SHARED VALUE AND STAKEHOLDER IMPACTS**€5.0 BILLION****IN REVENUE**

52% of the Group's sales in 2021 were for services stemming from BV Green Line

CLIENTS

- Development of our activities: **€115** million in net investment
- Improved risk management
- Simplified business exchanges
- Increased performance

SUPPLIERS AND SUB-CONTRACTORS

€1.4 billion in purchases of goods, services and engagements

EMPLOYEES

€2.0 billion in wages, salaries and bonuses

STATE

€244 million in taxes

SHAREHOLDERS

€0.53 dividend per share⁽¹⁾

SOCIETY

Trust in quality, health and safety, and sustainability

⁽¹⁾ Proposed dividend subject to Shareholders' Meeting approval on June 24, 2022.

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 food and pharmaceutical industries. 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 €1.6 billion in 2021. 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 of "People, Passion, Packaging", some 8,551 employees located in 19 countries - including headquarters

and other offices - produce tailor-made packaging solutions at 37 production sites. 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 patented aluminum- and plastic-foils. 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."

By the very nature of its business activity, respect for the environment is one of Constantia Flexibles' main CSR commitments. The company pays particular attention to continual improvements in the consumption of raw materials, which are essentially aluminum, plastics, paper, and chemicals like inks and solvents. As early as 2018, Constantia Flexibles pledged to increase the percentage of recyclable solutions in its packaging products and set an absolute Greenhouse Gas (GHG) emission reduction target approved by the Science Based Target initiative (SBTi). 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.

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 Damage" which is underpinned by the duty to create and maintain a safe and sustainable work environment.



2021 REVENUE

€1.6 bn

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

Science Based Target:
GHG-emissions
reduction (scope 1, 2, 3)

24% by 2030

49% by 2050
(reference year 2015)

2021 PERFORMANCE

51%
of packaging sold is
recyclable*

-19%
reduction
of GHG -emissions
(scope 1, 2⁽¹⁾, 3⁽²⁾)
(1) Scope 2 location based.
(2) Peer-reviewed Scope 3
value 2020.

CDP CDP Climate
Score 2021: **A**

EcoVadis Score 2021
Gold Level

* 2020 value. The 2021 value is estimated at 54%.
Signatory of the New Plastics Economy Global
initiative, which aims to make 100% of packaging
recyclable by 2025.



SHAREHOLDER GOVERNANCE

SHAREHOLDERS - WENDEL (61%), AREPO FOUNDATION
(27%), MAXBURG CAPITAL PARTNERS (11%)

SUPERVISORY
BOARD

8
members

25%
of independent

HUMAN CAPITAL

~8,551

employees

- 58% Europe
- 25% Asia
- 11% America
- 6% Middle East,
Africa & Australia

INTELLECTUAL
CAPITAL

57

active patent
families



PROCUREMENT

Main raw materials	Aluminium	Plastic	Chemicals (inks & solvents)	Paper
Share in supplies (per volume purchased)	~35%	~37%	~22%	~6%
Supplier country	Europe, China, Russia, Turkey	Europe, India, Mexico, Turkey	Europe, India, Mexico, Turkey	Europe, India, South Africa

Integrated production

Material sourcing, Rolling

Lacquering, Lamination, Extrusion

Printing, Cutting

Finishing, Customer Service

PRODUCTS

CONSUMER MARKET

- Confectionery foil
- Die-cut lidding
- Alu-container systems

PHARMA MARKET

- Blister lidding foils
- Coldform foils

REVENUE BREAKDOWN

- 66% Europe
- 17% America
- 11% Asia
- 6% Middle East,
Africa, Australia

~75% in CONSUMER-Division

~25% in PHARMA-Division

RESOURCES

USE OF RESOURCES

OUTPUT



OPERATIONAL GOVERNANCE

MANAGEMENT BOARD AND EXECUTIVE BOARD

10
members

- 46 issued (split into Foil: 21, Film: 20, Paper: 3 and 2 general patent families),
- 16 in application-status (split into Foil: 7, Film: 3, Paper: 4 and 2 general patent families).

R & D

5

research centers
(Consumer, Pharma)

90
experts

CERTIFICATIONS / MANAGEMENT SYSTEMS



100% of production sites hold a Quality Management certificate (e.g. ISO 9001)



12 production plants certified on ISO 14001



6 production plants certified on ISO 45001

Additional certificates like **British Retail Standard (BRC)** or **ISO 15378**

PRODUCTION



37
manufacturing sites

IN



16
countries



#3
GLOBALLY*



#2
IN EUROPE*

* Source of position: Comparison of turnover of flexible packaging compared to other manufacturers' annual statements.

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: -58% from 2018 to 2021

OPERATIONAL EXCELLENCE



SOURCING & SUPPLIERS

SECTORIAL PARTNERSHIPS



PEOPLE & LOCAL IMPACT

CLIENTS & CONSUMERS

- Aluminium Stewardship Initiative (ASI)
- Forest Stewardship Council (FSC)

- Local initiatives towards communities: START Austria, cooking at VinziRast, donations

4.2.2.2 Materiality matrix

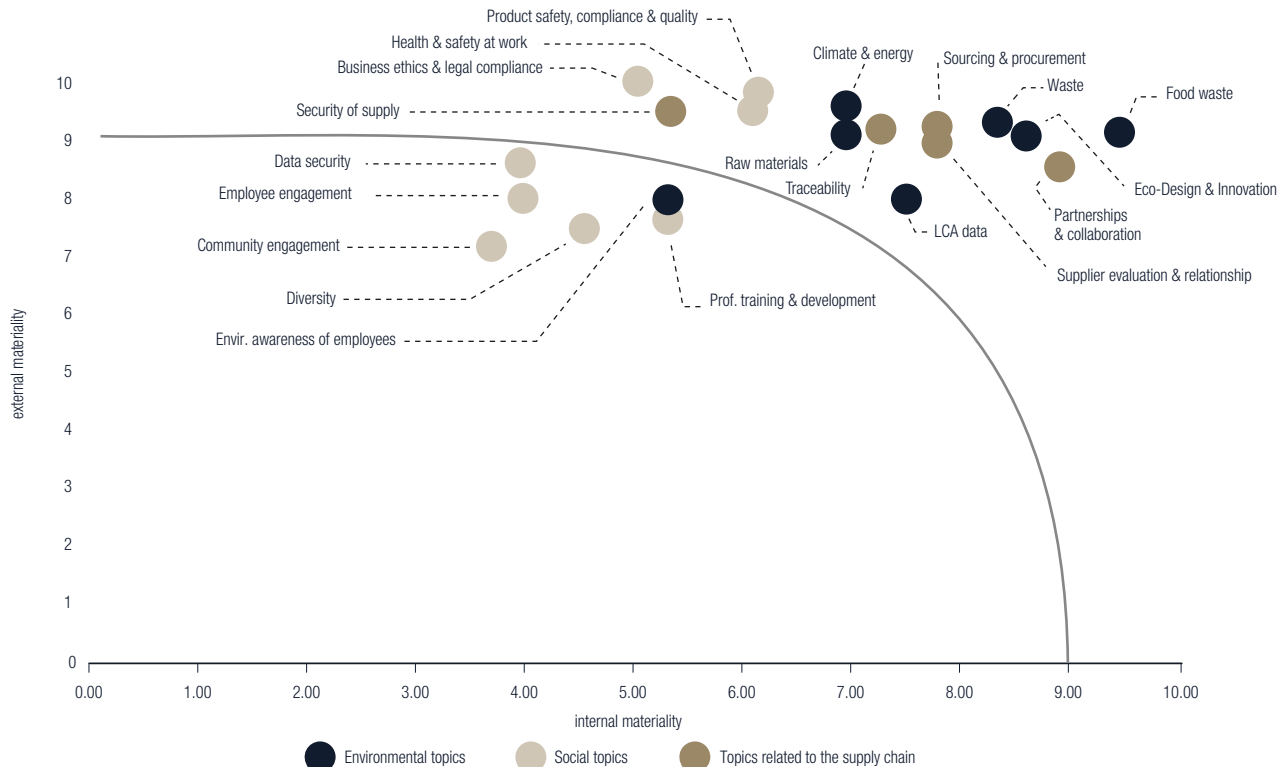
In accordance with the Global Reporting Initiative (GRI) Constantia Flexibles assesses the materiality of its ESG issues. Constantia Flexibles combined an internal impact assessment with a broad stakeholder analysis in accordance with the AA1000 Stakeholder Engagement Standard. Stakeholders were requested 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. 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 working on all topics by concentrating its efforts on the priority areas and will continue to focus on these areas 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 extra-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.

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 DAMAGE 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	Delivery of products that may endanger the health of end customers in the market; i.e. foreign body contamination, food law defect in the product, gross quality defects, etc. Associated risk of loss of reputation, high financial losses due to recall of products from the market, loss of customers, as well as legal problems from liabilities such as product liability, etc.	Register of regulatory requirements and further internal regulations on food safety/food defense plan (incl. HACCP) and for GMP and hygiene-aspects in production. Third-party certified management systems for quality and product safety (i.e. ISO 9001, BRC Packaging etc.) to evidence compliance to GMP regulations in its plants	% of production sites holding at least one product safety and quality related certification % of hygiene critical customer complaints	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 could potentially restrict the products that are sold, the way in which they are manufactured or the fees/permits that clients have to pay for them.	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 Opening of Ecoflex Ahmedabad in 2019, the first plant on the planet designed to produce recyclable flexible packaging only. Life Cycle Assessments (LCA) are conducted with a peer-reviewed LCA-meta-model	Recyclability of product portfolio (%)	4.2.2.6.1.2

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.	Group Policy in place that provides framework for harmonized personnel management activities in order to avoid/overcome the situation of talent shortage	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 one 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 Constantia Teich Supplier audits and CSR evaluations	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 2021

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 2021 are as follows:

■ Environment:

- in alignment with the TCFD, Constantia Flexibles has performed a Climate Change Risk and Opportunity Assessment, verifying the Company's transitional and physical risks due to climate change as well as preparing necessary mitigation initiatives and next actions;
- Constantia Flexibles becomes part of the prestigious CDP A-List, achieving Leadership level in the fight against climate change for a fourth consecutive year. This rating has been 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 2021 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 1% of companies assessed by EcoVadis in this industry on their respect for the environment, human rights and labor law, ethics, and responsible purchasing;
- the Group's largest plant, Constantia Teich, located in Austria, successfully renewed its Aluminium Stewardship Initiative's Performance Standard certificate three years after the first certification;
- Constantia Flexibles belongs to the "50 Sustainability & Climate Leaders" initiative, uniting global pioneers of different industries supported by the United Nations and Bloomberg. In occasion of COP26 the Company participated at the Vision2045 conference in Edinburgh, discussing with top decision makers its sustainability strategy and climate targets;
- 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. This year saw the successful completion of Phase 2 semi-industrial tests for a first detection sorting prototype with Phase 3 industrial tests to come in 2022;
- Constantia Flexibles continues to successfully advance its Ecolutions product range. The company receives Letters of Compatibility for EcoLam Family as well as a TÜV Austria OK Compost certification for its product EcoPressoLid. Constantia Flexibles also successfully recycles internal production scrap from EcoLam into new film and reggranulates production waste from Perpetua at Aimplas;
- this year, the Company published its ESG roadmap, detailing its ESG Commitments and outlining its main focus areas in the fields of environment, society, and governance;
- in order to educate all of its employees on its sustainability ambition and strategy, the Group rolled out an internal training covering ESG issues, its ESG roadmap and its more sustainable product range, Ecolutions.

■ Health & Safety:

- 2020 has seen the development and roll out of a Global HSSE audit program with a recognized external provider. The aim of this program is to establish a global standard for HSSE and a best practice sharing platform;
- 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 2020, the topics of Fire Safety, Machinery Safety and Behavioral Safety, were set as the top-priorities.

■ Social:

- 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;
- the team of the Constantia Teich plant 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, also, donating money to organizations which help mentally ill people to reintegrate in to society;
- in Africa, the team at Constantia Flexibles’ Afripack sites donated towards feeding school children who have no meals at home or are undernourished and also donation in support to Muthande Society for the Aged, site has been a long standing supporter of this NGO. MUSA is focused on issues affecting the elderly in the community; their social, physical, economic and emotional needs;
- the team at Constantia Flexibles’ Vietnam plant donated Coronavirus (Covid-19) support for communities with Sponsor high flow heated respiratory humidifier. Medical device donated in District 4 Hospital & Sponsored another patient monitor for University Medical Center, Ho Chi Minh City.

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 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, 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.

As part of the actions to preserve the health and safety of the people as described above, Constantia Flexibles 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 of the IT-strategy at 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 home office technology-wise.

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

Constantia Flexibles is rethinking packaging every 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 (EFPS), other extra-financial indicators and risks, not included in the roadmap, are also published in this document.

ESG governance

While the Group Sustainability Team takes the lead on the development of the ESG Roadmap and the implementation of initiatives, all Constantia Flexibles employees are committed to implementing the strategy. The EVP Corporate Strategy and Business Improvement is in charge of sustainability topics at Constantia Flexibles while the Board of Directors also oversees ESG issues.

ESG Roadmap

Theme		Commitment	Targets	KPIs	2020	2021	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⁾	1,639 ⁽¹⁾	kt CO ₂ e
	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*	51*	%
	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	30	
			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	88	%
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	2.8	
				Number of occupational diseases	0	0	
	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	100	%
	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	9.5	%
	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	68.1	%
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	yes / no
			We commit to continuously train our employee on Code-of-Conduct (including Anti-Bribery and Competition Law striving for at least 80% of employees trained each year.	% of employees trained at least once per year	49.4	73.4	%
			We commit to continuously perform compliance checks on our business partners.	Business partner compliance check conducted	yes	yes	yes / no

⁽¹⁾ Scope 3 not available for 2021, the value measured in 2020 is indicated.

*2020 value indicated for 2021 as the 2021 value is not available. This is estimated at 54%.

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	2020	2021
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	Renewable electricity (% total electricity consumption)	50%	50.5%
	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	GHG intensity - Scope 1 & 2 (ktCO ₂ eq/Mio.m ² produced)	0.056	0.054
	Plant certifications (ISO 14001 and ISO 50001)	Total absolute emissions (1+2 ⁽¹⁾ +3) - (kt CO ₂ eq)	1,646 ⁽²⁾	1,639 ⁽³⁾

(1) Scope 2 location based.

(2) Changed retrospectively with peer-reviewed 2020 Scope 3 value.

(3) Peer-reviewed Scope 3 value of 2020.

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 and its annex) are in place and applied throughout the Company, making environmental sustainability an integral part of all entrepreneurial activities. Furthermore, plants accounting for more than half of Constantia Flexibles' output hold certification of their environmental or energy management systems (ISO 14001 or ISO 50001).

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 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 608,282 MWh in 2021, which is a 1.9% increase compared to 2020. The table below shows the split of energy consumption by source.

Energy source	[%]
Electricity	46.75%
Natural gas	42.37%
LPG	3.16%
Steam	3.60%
Hot water	0.81%
Fuel oils (Diesel, Petrol)	2.99%
Heating oil	0.04%

In 2021, 17 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.

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 2021 and 2020. Total Scope 1 & Scope 2 emissions decreased by 0.6% compared to the previous year.

	2020	2021	Variation [%]
Scope 1 (kt CO ₂ eq)	118.76	119.32	+0.5%
Scope 2 (kt CO ₂ eq)	146.49	144.12	-1.6%
GHG intensity (Scope 1+2) (in kt CO ₂ eq/Mio.m ² produced)	0.056	0.054	-3.7%
Scope 3 (kt CO ₂ eq)	1,375.68 ⁽¹⁾	1,375.68 ⁽²⁾	-

(1) Changed retrospectively due to updated emission factors after 2020 publication.

(2) Peer-reviewed Scope 3 value (raw materials & fuel and energy related activities) of 2020. 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 2021 is not published yet in this document. However, it can be observed that there was no significant change in Scope 3 emissions from 2019 to 2020.

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 51% of the total electricity consumption in 2021, which supports the company to reach its absolute greenhouse gas emission reduction target.

Most of the remaining emissions 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 of Scope 3 emission sources, Constantia Flexibles set up an evaluation method on a Group-wide scale for significant emissions sources. The result was that 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 2020).

Material Scope 3 emissions are tracked for each of Constantia Flexibles' plants since 2015. 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 its Scope 3 emissions deriving from purchased raw materials.

Constantia Flexibles pays particular attention to continuous 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).

Greenhouse gas (GHG) emission reduction objectives

Constantia Flexibles had 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).

In 2017, Constantia Flexibles strengthened its commitment with a new Group-wide absolute greenhouse gas emissions reduction target approved by the Science Based Targets initiative (SBTi) in 2018⁽¹⁾.

(1) 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 is thus committed to reduce absolute Scope 1, 2 and 3 Greenhouse Gas (GHG) emissions by 24% until 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 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	2021 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	1,639 ⁽¹⁾	-24%

(1) Peer-reviewed Scope 3 value (raw materials & fuel and energy related activities) of 2020. 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 2021 is not published yet in this document. However, it can be observed that there was no significant change in Scope 3 emissions from 2019 to 2020.

Indicator	2005 baseline CO ₂ eq kt/Mio.m ²	2020 Performance	2021 performance	2023 objective
Reducing GHG emissions by 40% until 2023 (Scope 1 and 2 per m ² produced output)	0.08	0.06	0.05	-40%

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 Supplier Code of Conduct were updated in 2019, including more comprehensive clauses on environment and responsible sourcing. Constantia Flexibles has also formalized and published a 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 2021, Constantia Flexibles was among those companies that made it onto the CDP A-List (Climate Change Leadership level), being awarded with exceptional scores for the company's climate change reporting and climate protection efforts making Constantia Flexibles one of

200 high-performing companies out of over ten thousand scored. Constantia Flexibles has been identified as a global leader for engaging with its suppliers on climate change, being awarded a position on the 2021 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. These above average scores demonstrate 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 2021, Constantia Flexibles received the gold CSR recognition level of EcoVadis for the fourth time in a row, placing the company among the top 1% 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	2020	2021
Current and emerging regulations regarding packaging and the circular economy	<p>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)</p> <p>Signatory to the New Plastics Economy Global Commitment</p> <p>Opening of Ecoflex Ahmedabad in 2019, the first plant on the planet designed to produce recyclable flexible packaging only (EcoLam product family)</p> <p>Life Cycle Assessments (LCA) are conducted with a peer-reviewed LCA-meta-model</p>	Recyclability of product portfolio (%)	51%	51% Based on the 2020 value ⁽¹⁾

(1) 2021 evaluation still in progress at date of publication, however estimated at 54%.

Recyclability

Packaging plays an essential role as it protects 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 since it generally requires fewer resources to manufacture than rigid packaging solutions. It plays only a minor part of a product's total environmental footprint over its life cycle but a major role in its preservation.**

It is therefore fundamental to ensure that packaging is being collected and recycled and does not end up in landfills or the environment. Products must therefore be compatible with existing collection, sorting and recycling infrastructures and processes in order to increase the circularity of packaging.

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 signed the New Plastics Economy Global Commitment alongside 400 companies (including several of the largest global players in the packaging and consumer goods sector), committing to 100% of packaging being recyclable by 2025. Aware that the ability to achieve this target does not depend entirely on the packaging industry, but also on the speed and selections of consumer goods and pharmaceutical industry players, as well as evolving regulations, Constantia Flexibles plays an active role in the transformation by pushing the existing recyclable packaging solutions, filling technological gaps with new solutions

under the aegis of EcoLutions and systematically integrating the recyclability criterion into the assessment of potential new acquisitions. The share of recyclable products sold by Constantia Flexibles in 2021, including the latest acquisition, is estimated at 54% by volume (compared to a published figure of 51% in 2020).

All future product innovations will focus on the implementation of design guidelines to develop specifications which are recyclable - in practice and on a commercial scale.

Furthermore, the circularity of packaging is becoming increasingly important, given that 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.

Constantia Flexibles thus continuously evaluates the recyclability status of its product portfolio. The company has developed a comprehensive recyclability guidance document in 2019 that is continuously adapted to most recent regulations and guidelines. This document gives information on flexible packaging recycling, the regulatory context, the packaging recycling market, available sorting technologies and common design criteria for recyclable packaging. Based on these criteria, Constantia Flexibles completes a detailed assessment of its entire product portfolio 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. 2020), **about 51% of the product portfolio is recyclable (% recyclable output [m²] of sold output [m²] in 2020). This recyclability rate is estimated at 54% for 2021.**

Ecolutions

To meet the challenge of a circular economy, without compromising on functional requirements, Constantia Flexibles launched the more sustainable packaging product range "Ecolutions" in 2018. Ecolutions meets sustainability requests of customers and legal requirements with a clear focus on recyclability while maintaining all the properties required to protect the packaged products. Constantia Flexibles made extensive investments in recent years in state-of-the-art technology for designing recyclable structures and strives to transform all non-recyclable products into recyclable structures. With various products offered (e.g. EcoLam, EcoCover, EcoPouch, EcoTainerAlu) Constantia Flexibles has entered into a new era of packaging and has created recyclable product families along existing recycling pathways for various substrates and formats.

Value chain spanning initiatives

Constantia Flexibles believes that working side-by-side, businesses and governments can tackle sustainability issues at its source and is, therefore, an active member of several value chain spanning initiatives.

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 unites many of the world's largest packaging producers, brands, retailers, recyclers, governments, and NGOs. The initiative focuses on three actions required to make the Foundation's vision a reality and create a circular economy for plastics: first, eliminate problematic and unnecessary plastic items, second, innovate to ensure that the plastics needed are reusable, recyclable, or compostable and third, circulate all plastic items used to keep them in the economy and out of the environment.

As a founding member of the CEFLEX project (A Circular Economy for Flexible Packaging), Constantia Flexibles 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.

Contribution to the life span of packaged products

Constantia Flexibles 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 working to reduce food waste as a member of the UN Save Food Initiative. The Save Food Initiative was introduced in 2011 to put the issue of 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.

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

Support for its 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

which come up in the course of life cycle design. This peer-reviewed innovative LCA-meta-model enables Constantia Flexibles to provide information on the environmental footprint of products through the incorporation of production processes, raw material input, waste handling possibilities and country specific settings.

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:



4.2.2.6.1.3 Sustainability along the value chain

Extra-financial risk description	Mitigation policies and actions	KPIs	2020	2021
Risks in relation with Constantia Flexibles' raw material sourcing (aluminum, plastics, paper, and chemicals like inks and solvents)	Supplier Code of Conduct in place	Number of suppliers audits carried out	20	30
	Responsible Sourcing			
	Local policies in place	CSR questionnaire coverage of suppliers	20	30
	Aluminium Stewardship Initiative certification of C. Teich Supplier audits and CSR evaluation			

In addition to the actions undertaken to limit the impact of its manufacturing process on the environment, Constantia Flexibles also strives to responsibly source and select suppliers that take into account the environmental and social impact of the materials they offer (aluminum, plastic, paper, chemicals such as inks and solvents, etc.). Constantia is also a member of several professional associations that strive to improve transparency and measure the environmental footprint of the various materials used.

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, Constantia 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. This certificate was successfully renewed in 2021. Furthermore, in 2020, Constantia Teich received the official certification for ASI's Chain of Custody Standard, 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 approximately a third (35%) of the company's raw materials and Constantia Flexibles sources over 90% 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 4.2.2.6.1 - "Circular Economy").

The "Code of Conduct for Suppliers and Subcontractors" published on its 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. The fair trade practices, integrity *vis-à-vis* all stakeholders and environmental protection are also part of the Supplier Code of Conduct. 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 Supplier Code of Conduct is part of the purchasing conditions set by Constantia Flexibles.

In 2020 Constantia Flexibles additionally introduced a Responsible Sourcing Policy (published on its website). The policy outlines its expectations towards suppliers in regard to corporate responsibility. It follows the principles of the United Nations Global Compact and selected UN Sustainable Development Goals.

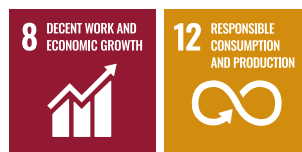
Due to the Covid-19 pandemic, Constantia Flexibles performed 30 virtual supplier audits in 2021. Suppliers were chosen based on various risk considerations with a focus on strategic suppliers.

In 2018, a comprehensive supplier sustainability assessment was carried out together with an external consultant. This had helped to understand the maturity level of suppliers and evaluate improvement potential. The questionnaire was sent out to all main suppliers, covering more than 80% of Scope 3 emissions and procurement spend. Since 2020, the sustainability and ESG performance evaluation of suppliers has been included into Constantia Flexibles' general supplier audit.

Going forward, the Company has decided to ensure a higher level of efficiency and objectiveness for its supplier sustainability assessments. To this end, Constantia Flexibles has extended its Sedex membership, allowing its Procurement Team to monitor the ESG performance of its suppliers through the support of an external platform.

Group Procurement has finalized its structured sustainable sourcing concept and started implementation. The supplier portfolio is being assessed across ESG risk factors driven by country and industry. Mitigating activities will be focused on high-risk suppliers firstly. Training of procurement personnel has started during various meeting and text formats and will be continued in 2022.

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	2020	2021
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	VOC emissions intensity (ton/Mio.m ² produced)		
	Regenerative Thermal Oxidizers installed in several plants	Consumer division	3.46	3.41
		Pharma division	2.89	2.69

Constantia Flexibles is aware of the risk of air pollution and the impact of volatile organic compound (VOC) emissions on the environment. These emissions originate in plants from the usage of solvents. Since Constantia Flexibles is acting in accordance with applicable laws on volatile organic compound (VOC) emissions, this topic is mainly a compliance topic and no additional policy is required for this risk. However, the Sustainability Policy also covers topics such as technologies and reducing emissions and is applied throughout the company.

Constantia Flexibles works for a continuous improvement related to VOC 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 2021, 17 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).

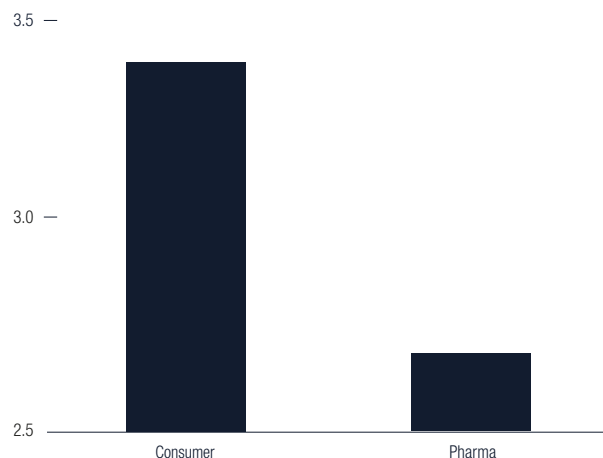
Constantia Flexibles also aims to decrease the overall solvent consumption (and emissions thereof), e.g. by investing in new solvent-free printing technologies in several plants. Some plants have, therefore, been able to eliminate solvent use completely.

Furthermore, Constantia Flexibles is actively working on increasing the use of water-based inks and investing in R&D of water-based printing technologies.

The following graph shows the breakdown of VOC emissions per product output and division. Absolute VOC emissions increased 1.2%, while VOC emissions per output decreased by 1.9% compared to 2020.

VOC emissions per output and division in 2021 [t/Mio m²]

VOC emissions per output and division
[t/Mio m²]



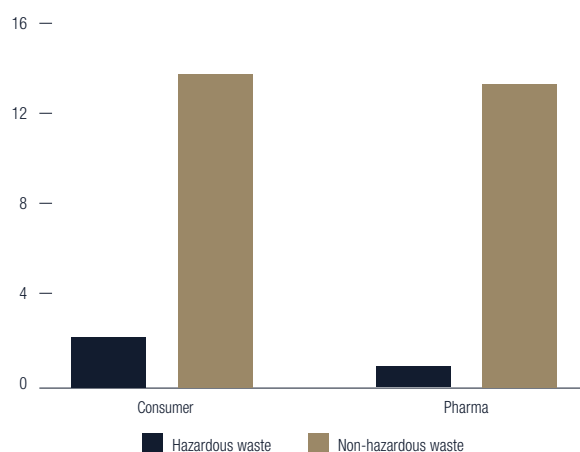
4.2.2.6.1.5 Additional environmental indicators not related to main risks (voluntary)

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 71,691t in 2021, which is a 1.7% increase compared to 2020. The graphic below shows Constantia Flexibles' waste production intensity ratio by division and category of waste in 2021.

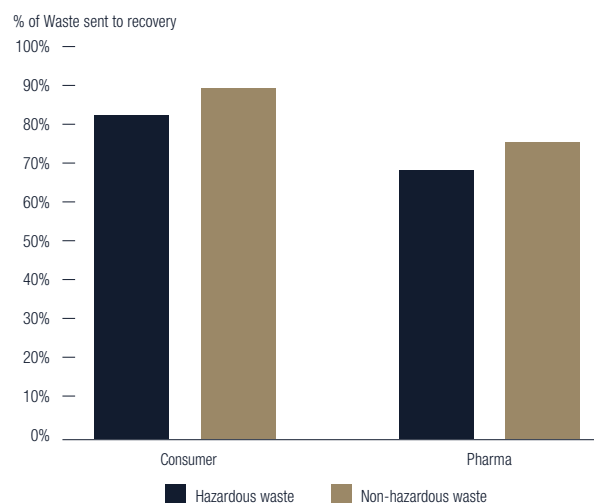
Waste per output by waste type and division in 2021

Waste per output by waste type and division
[t/Mio m²]



In 2021, Constantia Flexibles sent 82% 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 diminished – in 2020 84% of the hazardous waste and 89% 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 2021 [%]



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	2020	2021
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.	Introduction of a policy that provides framework for harmonized personnel management activities in order to avoid/overcome the situation of talent shortage	Hire rate	14.7	18.1
Thus, Constantia Flexibles is facing the risk of non-availability of qualified employees and the risk of non-filling crucial positions, at blue collar, specialist or management level		Turnover rate	16.8	19.2

Group HR strategy at Constantia Flexibles is aligned to achieve our Vision 2025 Group Strategy. Some of the main aspects of it includes giving purpose through meaningful activities especially towards ESG oriented environment while fostering agility leads to developing expert capabilities. Empowered and accountable leadership ensure strong focused approach towards delivering performance. Another strong pillar of the Group HR strategy includes step towards digitalization of HR organization along with its processes and tools which will deal with the labor force and further develop skills.

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.

The number of employees (HC) at the end of the fiscal year 2021 was 8,551 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 year-end 2020 and 2021

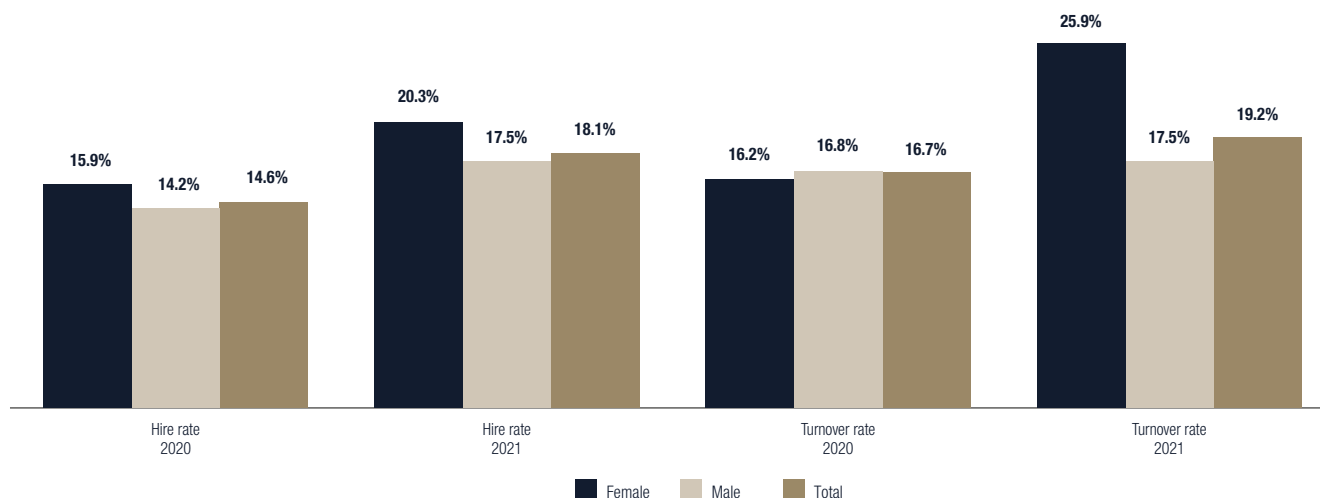
Division	2020		2021	
	Headcount	Headcount (in %)	Headcount	Headcount (in %)
Consumer	6,482	78.30%	6,773	79.21%
Pharma	1,413	17.10%	1,376	16.09%
HQ	380	4.60%	402	4.70%
TOTAL	8,275	100%	8,551	100%

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 2021, a total of 359 female and 1,190 male employees was hired in Constantia Flexibles entities. In the previous year Constantia Flexibles hired a total of 1,207 employees. During the reporting period, 1,644 employees left Constantia Flexibles, whereas in the previous reporting period 1,380 employees left the company. In total, the hire rate for Constantia Flexibles in 2021 sums up to 18.1%, whereas the turnover rate amounts to 19.2%. In 2020, the hire rate was 14.6% and the turnover rate was 16.7%.

From 2021 onwards, the trainees/interns/apprentices are also included as a part of hiring and turnover count. This rate corresponds to the number of hires divided by the number of employees at the end of the period. The turnover rate corresponds to the number of employees who left the Group during the year compared to the number of employees hired.

All sites were impacted by the Covid-19 pandemic, resulting in discrepancies between 2020 and 2021 for these two ratios.

Hire and turnover rate by gender



Constantia Flexibles undertook to formalize a policy to address the risk of skilled labor shortages at Group level which was published in 2021. Considering the current situation, this risk is diminishing. Keeping a coherent global approach, internal workshops were conducted 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.

Constantia Flexibles is fostering employee transfers within the Group and supporting the development of employees. 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. Furthermore, Constantia Flexibles continues to develop and expand its Global Recruitment Solution at all group sites.

This tool supports Employer Branding, ensures the compliance of the company with the data protection regulations and promotes the internal movement and development of people. It also helps to publish vacant positions online and to set up a global talent pool.

The training of the company's talent at a local level is the strong focus on apprentice- and traineeships, especially in Austrian and German Constantia Flexibles sites. At year-end 2021, a total of 125 apprentices/interns/trainees were employed at Constantia Flexibles.

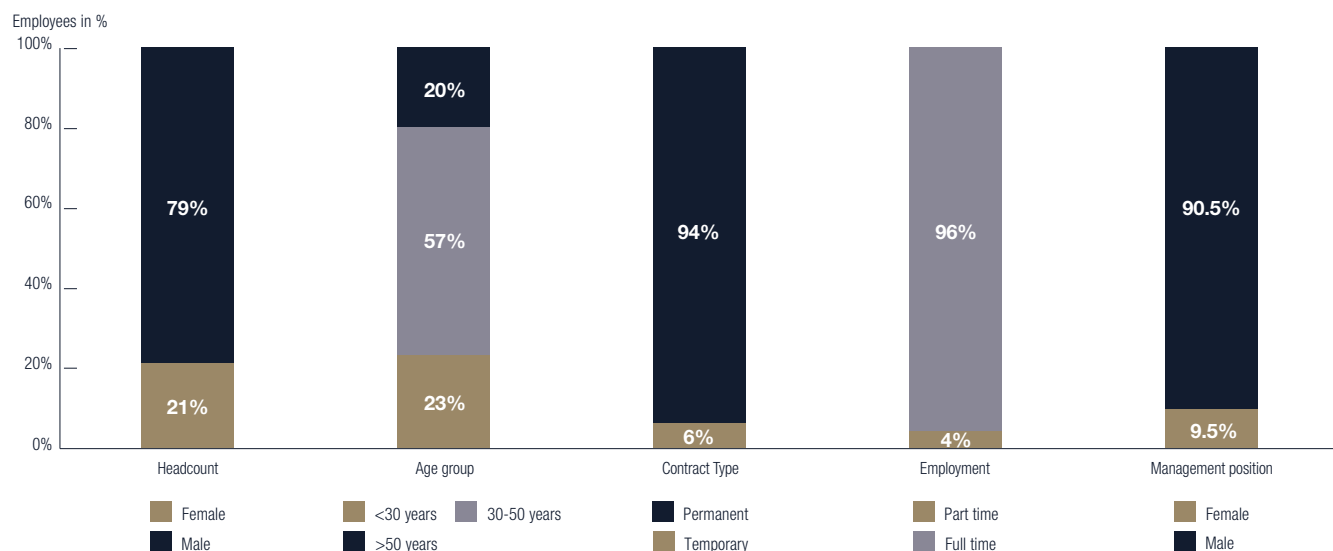
4.2.2.6.2.2 Promoting diversity and equal opportunities

At Constantia Flexibles, employees are a key success factor, which is why the company encourages diversity in the workplace.

The Constantia Flexibles group is made up of people of various origins, cultures, religious affiliations, genders and ages. This diversity promotes a range of competencies and experiences, which contribute to the lasting competitiveness of the company.

The group encourages women to advance their careers at all levels of the organization's 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, employment type and management positions 2021



57% of Constantia Flexibles' employees are 30-50 years old. Its workforce is 21% female and 79% male. 96% of the employees of Constantia Flexibles are full-time employees and 94% have permanent employment contracts. Compared to 2020, there is almost no variation in these proportions. By comparison, in 2020, 55% out of all Constantia Flexibles' employees were between 30 and 50 years old, 22% of the total headcount were female and 78% were male employees. 95% of all employments were full-time and 94% of all employees had a permanent employment contract. 9.5% of total management positions in Constantia Flexibles are female.

Lastly, in 2021, around 1.88% 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	2020	2021
As Constantia Flexibles is a global player on the packaging market, personnel development is key to sustainable success	Group Training Policy on minimum requirements, roles and responsibilities as well as documentation, evaluation and reporting requirements on a global level	Training hours per FTE (Full-time Equivalent)	14.5	16.5
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 one day	49.4%	68.1%

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.

To mitigate this risk, Constantia Flexibles offers a wide range of development and training activities, based on a skills framework which was given an overhaul in September 2021, tailored for the group. This new framework must also serve as a development focus for all employees. The updates notably concerned "safety and environmental awareness". All employees are trained using the new skills model and all HR processes will be updated accordingly.

Constantia continued to increase the number of training courses for middle and senior management. In 2021, most training and development courses were offered online.

As a global company, Constantia Flexibles has recognized the importance of bringing its employees - especially the newcomers - on board. In 2021, the company further improved its Onboarding Program by transforming it into one global digital event - which allowed our new employees from across the globe to meet and learn more about the company.

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 system was updated with a new version to offer further functionalities. The Constantia University integrates new learning pathways, utilizing online training opportunities, video-based learning materials as well as virtual training. In 2021, Constantia also offered several self-paced programs that were created by internal trainers on strategic topics with a main focus on the company's Sustainability Strategy. Due to the pandemic and the effects thereof, Constantia notably decided to create "Lead with Care": a new training initiative to support its managers on how they can approach mental health issues at the workplace as taking care of people is key for the company.

The Constantia University is also the platform for the ongoing development initiatives such as "Annual 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 "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 plans are customized according to needs and 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 was launched by Constantia Flexibles in May 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. Several activities have been already organized in all the plants in order to cascade it to all employees. In 2022, Constantia Flexibles will reinforce its Employer Brand by sharing best practices observed and the company's achievements and by being more active on social media.

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. one day	Share of employees trained for min. one day
2020	112,361	14.45	4,046	49.4%
2021	131,977	16.5	5,723	68.11

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	2020	2021
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 DAMAGE 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)	2.6	2.8
		Number of occupational diseases	0	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-compliance 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 three 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 accepted 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. Long-term 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 kind of initiatives for health and safety on an 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 to participate in the 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 the group's production plants had to focus onto the effective implementation of group requirements and measures against the Covid-19 pandemic, the number of such safety-initiatives throughout Constantia Flexibles globally could have been increased to six on average per operating plant.

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 sustainable 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 Injuries Frequency Rate (LTIFR) as shown below underpins the effectiveness of this approach.

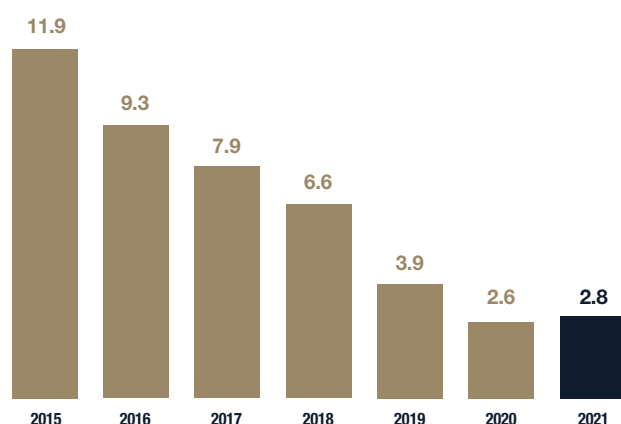
Key areas of the group's HSSE policy are as follows:

- create a supportive culture that requires visible leadership with clear accountability where everyone is empowered to contribute to changes for improvement;
- train employees, partners and contractors to understand and adhere to the Constantia Flexibles HSSE requirements and to enable everybody to take responsibility at all levels of the organization;
- actively engage in establishing specific goals and measure progress to meet the commitment to improve HSSE performance continuously;
- comply with all relevant legislation, standards and internal regulations wherever the company operates;
- promote employee sharing and learning through open communication regarding observed performance and use this opportunity to implement continuous improvement and to identify best practices;
- entify, mitigate or eliminate risks by involving all employees and staff representatives.

Constantia Flexibles' vision for HSSE



We believe in our vision of
ZERO LOSS - NO HARM
 as key priority!

 Lost Time Injuries Frequency Rate
 (per one million hours worked)


Why Constantia Flexibles tracks the Lost Time Injuries 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 Injuries Frequency Rate represents the number of accidents resulting in at least one full day off-work due to the injuries the person suffered per one million hours worked, which includes employees and leased personnel/temporary workers.

2021 performance

The Lost Time Injuries Frequency Rate (LTIFR) 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 has held a strong HSSE position, regardless of the challenges placed on people resource due to the pandemic whilst reducing the severity of overall events. These steps strengthen its reputation within the sector and locally as preferred employer for taking care of people's health & safety.

Occupational health and safety data

	2020	2021
Number of Lost Time Injuries	45	46
Severity rate ⁽¹⁾	0.09	0.07
Consumer division	41	41
Pharma division	4	5
Offices	0	0
Lost Time Injuries Frequency Rate (LTIFR) ⁽²⁾	2.6	2.8
Consumer division	2.9	2.9
Pharma division	1.6	2.1
Offices	0.0	0

(1) Severity rate = number of lost days/total hours worked*1,000.

(2) LTIFR = number of Lost Time Injuries (LTI) per one million hours worked.

(1) Frequency rate of FPE Safety Benchmark 2019 (19 participating companies) as latest available annual figure: 8.89.

The topics and associated commitments and actions in this section are supporting the following UN Sustainable Development Goals:



4.2.2.6.2.5 Health & safety of consumers: safe products

Extra-financial risk description	Mitigation policies and actions	KPIs	2020	2021
Delivery of products that may endanger the health of end customers in the market; i.e. foreign body contamination, food law defect in the product, gross quality defects, etc.	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	100%	100%
Associated risk of loss of reputation, high financial losses due to recall of products from the market, loss of customers, as well as legal problems from liabilities such as product liability, etc.	Third- party certified management systems for quality and product safety (i.e. ISO 9001, BRC Packaging etc.) to evidence compliance to GMP regulations in the plants	% of hygiene critical customer complaints		2.63%

Constantia Flexibles develops innovative 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 proposes additional functionalities 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 innovative solutions, Constantia Flexibles 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 to 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 quality 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.

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:



4.2.2.6.3 Governance

Anti-Corruption and Compliance Program implemented at Constantia Flexibles

A Compliance department, consisting of a compliance officer and their deputy was established in 2013 at the headquarters of Constantia Flexibles in Vienna and extended with a junior compliance expert in 2021. They are 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 bribery or any other form of corruption and applies a zero tolerance policy in this area. 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.

The Constantia Flexibles Anti-Corruption and Compliance Policy provides 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 in order to help mitigate Constantia Flexibles corruption risk exposure.

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 Sanctions 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;
- possible revocation of bonus payments.

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.

Gifts and Benefits Register Procedure

This procedure sets out the process to be followed across all Constantia Flexibles operations for the registration and approval of all gifts and hospitalities (including business meals) that are offered or received by Constantia Flexibles employees, management personnel, representatives or other associated persons. It will ensure transparency and provide assurance that any gifts, donations and hospitality offered or received are reasonable, do not improperly influence a business outcome, or otherwise result in an improper advantage in order that the requirements set out in Constantia Flexibles Code of Conduct and Anti-Corruption and Compliance Policy are met.

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 Executive 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 Executive 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 risks inherent to the manufacturing of flexible packaging sector.

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 its 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 (2), Vietnam (1), India (11), South Africa (3), the United States (1) 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 to 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 4.2.2.7.2 "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 section 4.2.2.7.2 "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. Constantia Flexibles assessed the related residual risks in the following categories:

- 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 a priority 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 tier 1 suppliers 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's Human Resources, Sustainability/Environment and Health and Safety departments. Core business-risks from all operating sites (plants) globally will also be collected, assessed and reviewed.

The analysis of those risks considers 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 meeting”. 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)

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 of the individual or 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 Supplier Code of Conduct 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 reference 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 see section 4.2.2.6.1 - Circular Economy, 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.

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 the manufacturing sites in all countries where the group operates.

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 categories 3, 6 and 8 compared to the risks 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, potential further improvements were identified 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 "Supplier Code of Conduct", 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) to 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 2" on corruption and anti-bribery aspects, Constantia Flexibles provides a description of this whistleblowing system made available through the intranet. Via the "Ethical Sourcing Policy", which is available on the corporate website and contains contact details for whistleblowing, Constantia Flexibles ensures this information is available to external stakeholders.

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, some 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 four 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 DAMAGE. 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 group Internal Audit department on site. This department provides an internal self-assessment matrix which needs to be filled by the operating units and performs frequent site visit 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 2021. In 2021, one new plant was acquired, Propak in Turkey, and one of the production sites of Constantia ColorCap in Poland was closed.

Correspondingly, all legal entities and office-locations of the Constantia Flexibles group were considered for the Human Resources-related data and information, including Propak acquired in 2021 in Turkey and Creative Polypack Limited Hyderabad in India (for the year 2021).

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. The newly acquired plant Propak is included in HSSE data as well.

For environmental KPI only plants that are part of the environmental reporting for the full year are considered. This includes 35 production facilities in 16 countries (office locations are not

considered). The newly acquired Propak and Hyderabad are excluded from environmental KPI.

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.

Trainees/interns/apprentices are now included in both hires and turnover calculations

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).

Severity rate is calculated by dividing the total number of days lost by total effective hours worked for the same period and multiplied by 1,000.

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 CO₂ 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. Scope 1 emissions include direct emissions by the company's facilities and vehicles. Scope 2 emissions include all indirect emissions due to purchased electricity, steam, heating and cooling for the company's own use. Constantia Flexibles' Scope 3 emissions include indirect emissions due to upstream purchased goods and services as well as fuel and energy related activities. Purchased goods includes all raw materials, the main materials are aluminum and plastic.

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, 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: $\text{Recyclability of product portfolio (\%)} = \frac{\text{Recyclable output [m}^2\text{]}}{\text{sold output [m}^2\text{]}}$.

4.2.3 Crisis Prevention Institute

4.2.3.1 Company presentation

The Crisis Prevention Institute (CPI) is the world's leading training provider in crisis prevention and aggressive behavior management. The company teaches non-violent verbal intervention and body language techniques to anticipate and respond to hostile 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 company has played an increasingly active role in advocating for underserved populations and drastically reducing workplace violence.

For the first time in 2021, 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 ESG mission, carried out in 2022, is: "Making CPI and its 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 the 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. The Institute discloses progress updates at each Management Meeting.



2021 REVENUE

\$104.3m

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.



SHAREHOLDER GOVERNANCE

SHAREHOLDERS - WENDEL 96.6%,
CPI MANAGEMENT (2.2%), 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



311

EMPLOYEES

Nationalities

- 73% in US
- 22% in Europe
- 5% in Australia

Distribution

- 57% female
- 43% male

INTELLECTUAL CAPITAL



11

SPECIALIZED
TRAINING
PROGRAMS
OWNED BY CPI*

- Creator and owner of the "Blue Card" Certification (industry global standard)
- eLearning Learning Management Solution (CPI Honeybee)

* All CPI programs.

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

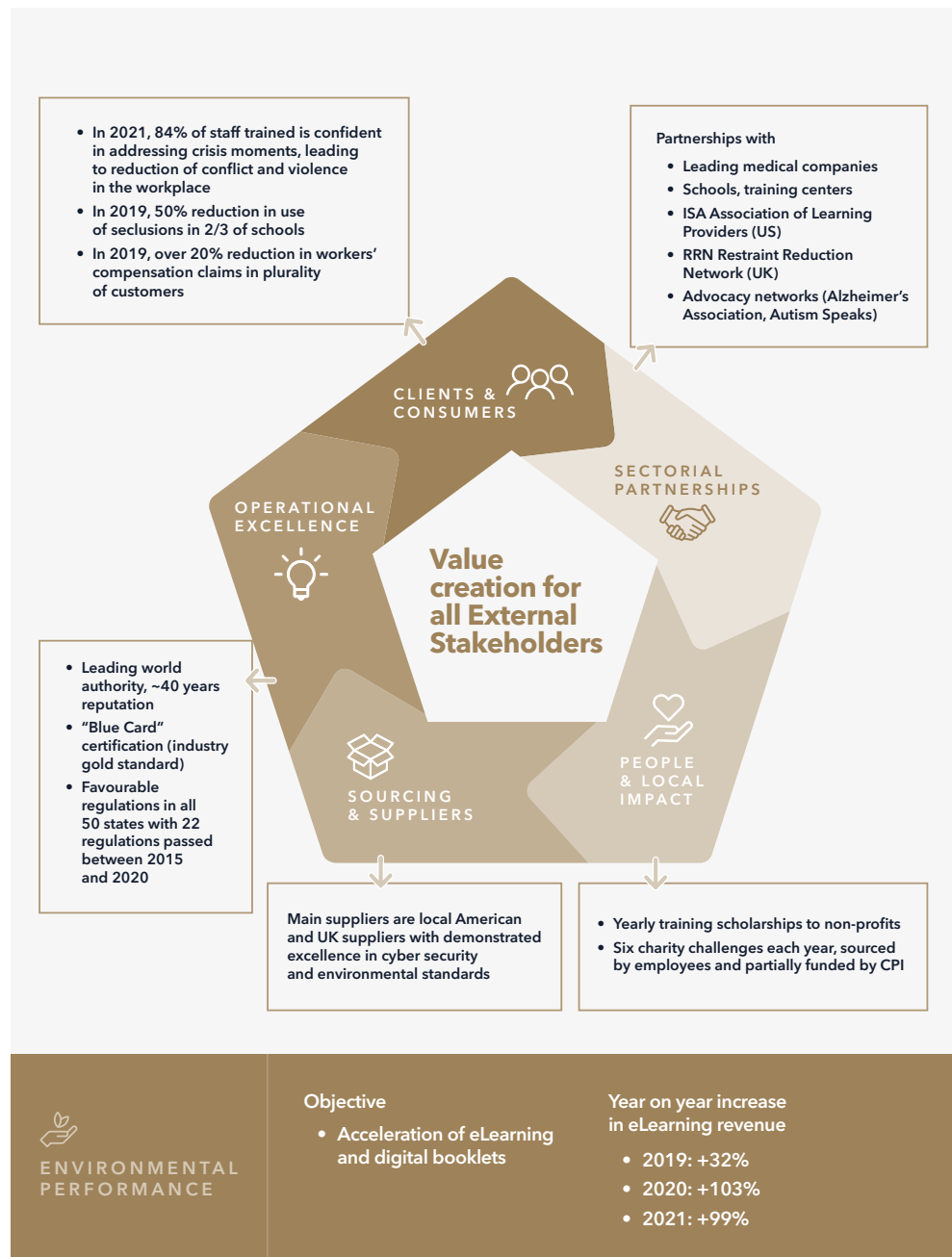
- **IACET certification in North America** (grants CEU credits to customers)
- **BILD / RRN in the UK** (authorization to train professionals who work with people with neurodegenerative diseases and physical disabilities)
- **Extensive governmental approvals to grant physical intervention training**

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. 45% in Education
 - c.35% in Healthcare/Mental Health
 - c. 20% in Social Services, Retail, Security & Law Enforcement



4.2.3.2 Overview of main risks

In 2021, CPI continued to formalize its ESG risk mitigation policy related to its activity, to define priority themes and to implement measurement indicators. In 2021, CPI focused on ethics and cybersecurity with dedicated training as well as on the company's resilience in a context of health crisis. 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 and safety of employees	Remote working could increase the risk of employee burnouts and stress.	<ul style="list-style-type: none"> Health and incident monitoring CPI Employee handbook sign-off by all employees 	Hours of absenteeism Long Term Injuries frequency rate (LTIFR) Health and safety Incidents	4.2.3.4.2
	Training	As a professional services firm CPI's quality relies on the internal staff. The impacts of poorly trained staff would be: <ul style="list-style-type: none"> Poor Certified Instructor (CI) and Learner training quality; Pricing degradation due to lost premium positioning; Cybersecurity risk if staff are not trained in best practices. 	<ul style="list-style-type: none"> Comprehensive training program for all staff Attendance tracking in all mandatory training 	Total number of employees passing mandatory training Number of hours of mandatory training Number of Cyber Incidents	4.2.3.4.2
SOCIAL	Discrimination and equal treatment	One of CPI's core values is the respect for individual dignity. The Company endeavors to cultivate an employee work environment, free from discrimination and inequity; non-compliance with this principle would affect hiring and brand positioning. Potential impacts include: <ul style="list-style-type: none"> demotivation of employees; negative public relations; increased litigation. 	<ul style="list-style-type: none"> Yearly updates (with acknowledgment by staff) on the CPI Employee handbook Compliance with the US Equal Employment Opportunity Commission (EEOC) for equivalent standards outside the US job postings (be they sourced internally or externally) 	Breakdown of staff by gender (Group scope) and job category Number of departures	4.2.3.4.2
	Local employment and development	Negative public relations and lack of diverse insights The impacts would be: <ul style="list-style-type: none"> loss of hiring attractiveness loss of diversity of points of view;; loss of opportunities for development of local communities. 	<ul style="list-style-type: none"> 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, social and other backgrounds to work at CPI Maintain and promote philanthropic involvement 	100% of locations comply with commitment on accessibility with public transportation	4.2.3.4.2

Topic & Risk		Risk description	Mitigation actions	KPIs	Paragraph
ENVIRONMENT	Climate change	Employee travel and energy consumption generate carbon emissions. CPI, as a responsible company, must demonstrate that it is making efforts to participate in the fight against climate change.	<ul style="list-style-type: none"> Carbon footprint monitoring Mandatory remote work day/week; Implementing virtual training to reduce air travel and hotel days Use LED light bulbs 	Total CO ₂ emissions CO ₂ emissions per employee Number of flights purchased Virtual training programs launched % of CPI's m ² using LEDs	4.2.3.4.3
	Raw material consumption, efficiency, and supply	CPI's produces 900,000 training booklets each year and 20,000 catalogs that are direct mailed to customers. The impacts would be: <ul style="list-style-type: none"> significant raw material consumption; delivery/consumption/shipping costs 	Partnering with vendors to minimize page count each year.	Catalog page count reduction (compared to previous year). Variation of number of air shipments (compared to prior year)	4.2.3.4.3
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 online contracting and DocuSign). The impact would be significant but CPI considers this risk less likely.	Full training on anti-bribery and corruption (ABC).	Number of CPI staff trained and passed on ABC Number of lawsuits against CPI Number of lost contracts due to ethics	4.2.3.4.4
ESG PERFORMANCE OF PRODUCTS AND SERVICES	ESG performance of products and services	Lack of competence in hostile behavior management training can increase risk of injury of staff or patient. The impact would be: <ul style="list-style-type: none"> image and/or reputational issues if CPI cannot prove training was carried out as instructed; potential exposure for involvement in litigation. 	<ul style="list-style-type: none"> 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 number of active Certified Instructors	4.2.3.4.2

4.2.3.3 ESG governance

CPI's CEO is responsible for the performance and definition of the ESG strategy. The CPI's Chief Financial Officer, General Counsel, and Vice-President of Human Resources also contribute to the Company's 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 Unveiling CPI's ESG Roadmap

In 2021 and following its first reporting exercise, CPI has structured its first ESG Roadmap. This fulsome exercise is multi-year in form and will include regular communications with CPI's suppliers, and customers, in line with the Company's mission to make customers' workplaces safer and more caring.

ESG priority	KPI	2020	2021	2024 Objective
Mitigating and adapting to climate change	CO ₂ footprint/employee	Not available	8teqCO ₂ /employee	5teqCO ₂ /employee
Limiting our resource consumption	% increase in digital revenue (year on year)	203%; Covid-19 impacted	141%; Covid-19 impacted	25% per year
Limiting our resource consumption	% decrease in catalog page count	Reference year	-5%	-5% per year
Limiting our resource consumption	Number of air shipments avoided (reduced express spend)	14%; Covid-19 impacted	12.8%	5% per year
Nurturing a safe, diverse, and fulfilling work environment	% women as CPI executives and Board directors	38%	46%	45%-50%
Nurturing a safe, diverse, and fulfilling work environment	% participation in CPI's wellness program	Not available	Not available - launched in 2022	100%
Nurturing a safe, diverse, and fulfilling work environment	Lost Time Injuries frequency rate	1.56	1.64	0
Providing innovative training solutions for safer societies	Number of Certified Instructors/ number of learners	35,000/945,000	36,000/1,400,000	40,000/ over 1,400,000
Providing innovative training solutions for safer societies	Net Promoter Score (NPS)	Not available	70	50
Providing innovative training solutions for safer societies	% of Certified Instructors confident in managing aggression	84%	84%	85%
Supporting our local communities	All offices within 6 miles of underprivileged areas	100%	100%	100%
Supporting our local communities	Number of volunteer hours paid by CPI	Not available	Not available - launched in 2022	800
Upholding highest standards for data privacy	Number of GDPR breaches	0	0	0
Upholding highest standards for data privacy	% CPI staff with cyber security training	98%	100%	100%
Strengthening business ethics	% CPI staff with training in ethics	100%	100%	100%
Strengthening business ethics	Number of disputes due to ethical violations	0	0	0

4.2.3.4.2 Social commitments

Developing a safe, diverse, and fulfilling work environment:

Promoting a diverse workforce

SOCIAL	Discrimination and equal treatment	<p>One of CPI's core values is respect for individual dignity. The Company strives to cultivate an employee work environment, free from discrimination and inequity; non-compliance with this principle would affect hiring and brand positioning.</p> <p>Potential impacts include:</p> <ul style="list-style-type: none"> ■ demotivation of employees ■ negative public relations; ■ increased litigation. 	<ul style="list-style-type: none"> ■ Yearly updates and acknowledgment by staff of the CPI Employee handbook ■ Compliance with the US Equal Employment Opportunity Commission (EEOC) for equivalent standards outside the US job postings (be they sourced internally or externally) 	<ul style="list-style-type: none"> ■ Breakdown of staff by gender (Group scope) and job category ■ Number of departures
	■ Local employment and development	<p>Negative impacts would be:</p> <ul style="list-style-type: none"> ■ loss of hiring attractiveness; ■ loss of diversity of points of view and loss of opportunity to develop local communities. 	<ul style="list-style-type: none"> ■ 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 ■ Maintain and promote philanthropic involvement 	<ul style="list-style-type: none"> ■ 100% of locations comply with commitment on accessibility with public transportation

As of December 2021, CPI counts a total of 311 employees. The Group has employees staff in six countries, with the following geographical presence:

Country	12/31/2021	12/31/2020
North America (US and Canada)	228	226
Rest of World (UK, France, Australia and New Zealand)	83	82
TOTAL	311	308

In 2021, CPI's headcount is up slightly as the company pivots 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 2021 is the following:

	12/31/2021	12/31/2020
Hires	89	46
Departures	86	64
EMPLOYEE DEPARTURE RATE (IN ABSOLUTE VALUE)	28	20

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. In 2021, the handbook was updated. In the first quarter of each year, all CPI employees must confirm online that they have read the new edition. In the US, CPI is in full compliance with the Equal Employment Opportunity Commission (EEOC). CPI also facilitates working condition requests/accommodations to ensure consistent and fair treatment of all candidates and employees, in accordance with the US law on people with disabilities..

CPI encourages all genders to apply, and ensure short listed interviews include a diverse slate of candidates.

At 12/31/2021, the company gender split was as follows:

Gender split	Male	Female
As of 12/31/2021	43%	57%
As of 12/31/2020	41%	59%

CPI is attentive to gender parity among CPI executives and Board directors. The feminization rate in these roles reaches 46% in 2021. CPI's objective is to maintain this rate between 45 and 50%.

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 is balanced and breaks down as follows:

	Professionals	Sales	Managers	Admin	Executives
As of 12/31/2021	39%	18%	22%	18%	3%
As of 12/31/2020	37%	20%	19%	17%	7%

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 in North American⁽¹⁾ operations, and the percentage of candidates shortlisted. In 2021, the percentage of shortlisted candidates from underrepresented minorities was 69%.

Promoting health and safety at work

HEALTH & SAFETY	Health & safety of employees	Remote working could increase the risk of employee burnouts and stress.	<ul style="list-style-type: none"> Health and safety incident monitoring CPI Employee handbook sign-off by all employees 	<u>Hours of planned absenteeism</u> <u>Long Term Injuries frequency rate (LTIFR)</u> <u>Health and safety incidents</u>	4.2.3.4.1
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The quality of the working environment for CPI employees is a top priority. To deal with the various changes in the organization of work related to the pandemic, CPI arranged the widespread roll-out of training for all employee categories in order to support the introduction of 20% working from home for all employees in 2020, and continued this arrangement in 2021.

Because working from home may increase the risk of isolation and/or 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 zero remote working incidents in 2021.

Overall, CPI staff has managed to face the challenge of the pandemic well, with 100% of staff returning to offices by July 2021 on a four day in office/one day remote schedule. This resilience and flexibility have served CPI well given the volatility in community shutdowns throughout 2021 due to Delta and Omicron strains.

(1) In compliance with applicable local laws and regulations (US).

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 continued to develop 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:

	12/31/2021	12/31/2020	12/31/2019
Number of Health & Safety incidents (with or without time off)	3	5	8
Number of Lost Time Injuries	1	1	1
Long Term Injuries frequency rate	1.64	1.56	1.51
Severity rate	0.030	0.030	0.003

Moreover, the number of hours lost to planned absenteeism among CPI's staff worldwide represents 22,809 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	<p>As a professional services firm, CPI's quality relies on its internal staff.</p> <p>The impacts of poorly trained staff would be:</p> <ul style="list-style-type: none"> ■ poor CI and Learner training quality; ■ pricing degradation due to lost premium positioning; ■ cybersecurity risk if staff are not trained in best practices. 	<ul style="list-style-type: none"> ■ Comprehensive training program for all staff ■ Attendance tracking in all mandatory training 	Number of cyber incidents	4.2.3.4.1
ESG PERFORMANCE OF PRODUCTS AND SERVICES	ESG performance of products and services	<p>Lack of competence in hostile behavior management training can increase risk of injury of staff or patients</p> <p>The impact would be:</p> <ul style="list-style-type: none"> ■ reputational and/or reliability issues if CPI is unable to prove that training was carried out as instructed; ■ potential exposure for involvement in litigation. 	<ul style="list-style-type: none"> ■ 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 number 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 ministries of Health, Education departments in the countries where the company is located, and Auditors such as the Joint Commission (US), Australian Skills and Quality Authority (ASQA, Australia) 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 about the risks related to the control of escalating situations of violence, and organization of a question-and-answer session for trained staff.

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 2021, the Center for Medicare and Medicaid Services (CMS) in the United States again cited CPI's training as an example of best practices to manage crisis situations in the public hospital system and prevent the risk of litigation. The US Department of Justice (DoJ) has listed CPI among the best trainers in terms of managing aggressive behavior for a school involved in a dispute.

CPI's two core end markets, healthcare and education, are suffering greatly from the effects of the pandemic. CPI increased communications with these players throughout the year, with:

- online training options to upgrade 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, the CPI Human Resources teams formalized a training plan incorporating modules on working from home, cybersecurity (see also section 4.2.3.4.3) and anti-corruption. This plan provides for automated reporting and a catch-up process for unfulfilled tasks or failures to pass the training provided. 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 2021:

	12/31/2021	12/31/2020	12/31/2019
Total number of active Certified Instructors (including newly certified above)	35,954	35,032	39,034
Total number of employees who passed mandated training	311	316	N/A
Number of hours incurred for mandated training	7,306	3,610	N/A
Number of cyber incidents	305	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. All attendees complete a satisfaction survey, which enables CPI to track 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 - 89% achieve outcomes ranging from moderate to highly positive about this type of crisis;
- CPI wishes that at least 80% of customers are effective and reactive in deploying learned strategies and skills - 90% rate themselves rate themselves as moderately to highly effective;
- CPI expects at least 80% of customers are confident in addressing crisis moments in their workplace - 84% of

customers declare that they are confident in addressing these crisis moments.⁽¹⁾

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;
- 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.

(1) The 2020 data has been readjusted.

Contributing to local communities

As an Institute, CPI seeks ways to positively contribute to all communities. This approach 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.

In order to be fully embedded in the communities where its offices are located and welcome employees from all areas of that local environment, CPI has taken the commitment to have 100% of its offices located in areas accessible through public transportation. 100% of its offices are compliant with this commitment in 2021

Each year, the Judith Schubert scholarship is awarded in December to a prospective organization that is unable to afford CPI training. In 2021, Burns Recovered (Missouri) received the award. This organization offers support services for burn survivors through camping and retreat experiences. In France, CPI has provided free training in defusing violent behavior to associations and community organizations.

CPI will also be launching in 2022 a skills-based sponsorship program open for all North-American employees, allowing employees to donate their time at the service of charitable action in their local community. CPI will be tracking the volunteer hours worked by its staff.

4.2.3.4.3 Environmental commitments**Contributing to the climate change mitigation efforts**

ENVIRONMENT	Climate change	Employee travel and energy consumption generate carbon emissions. CPI, as a responsible company, must demonstrate that it is making efforts to participate in the fight against climate change	<ul style="list-style-type: none"> ■ Carbon footprint monitoring ■ Mandatory remote work day/week ■ Implementing virtual training to reduce air travel and hotel days ■ Use LED light bulbs 	Total carbon footprint
				Carbon footprint by employee
				Number of flights purchased
				Virtual training programs launched
				% m ² of CPI space using LED

CPI views a myriad of climate change policy responses and voluntary approaches in the coming decade as essential. With regards to climate change, CPI 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.

CPI's carbon footprint

CPI is aware of the climate emergency and the importance of the role of businesses coming together to mitigate greenhouse gas emissions. CPI has incorporated the fight against climate change into its ESG Roadmap. The Company has taken the initiative to measure and disclose its carbon footprint every year, in order to identify the main sources of greenhouse gas emissions within its activity and define appropriate initiatives to cut down carbon emissions.

The calculation methodology and reporting format presented below follow the GHG Protocol. The emissions calculated include all locations of the CPI Group (in the United States, Canada, the United Kingdom, Europe, Australia and New Zealand). Raw data has been collected from January to September with estimates added to cover the end of year period. The emission factors used for carbon footprint calculation come from the Ademe Carbon Base, national databases from organizations such as the department for Environment, Food and Rural affairs (DEFRA), the GHG protocol as well as the emission information coming from CPI's main workbook supplier. All the data collected of the selected items have been collected at worldwide level and have therefore a coverage rate of 100%.

The table below shows the results of the carbon footprint calculations conducted over fiscal year 2021 emissions. Historical data cannot be shown as this measurement exercise is conducted for the first time.

Emissions categories	tCO ₂ e
Scope 1	0*
Scope 2	1,049
Scope 3	1,354
Intensity of 1,2 and 3 emissions, per employee (tCO ₂ e/employee)	8

* Scope 1 is null as CPI does not have any direct consumption of fuel and data relating to any refrigerant gas leakages was not available.

Scope 3 are indirect emissions from sources not controlled by the Company but arising from its activities. CPI's Scope 3 stands at 1,354 tCO₂e and it includes upstream emission items and downstream emission items. The upstream emission items are the purchases of workbook & online storage, Group business travels, employees' commuting, leased building and the freight from the suppliers to the warehouse. The downstream emission items are the trainers' business travels, the freight from the warehouse to the clients, the end of life of workbooks and the electricity usage for online training.

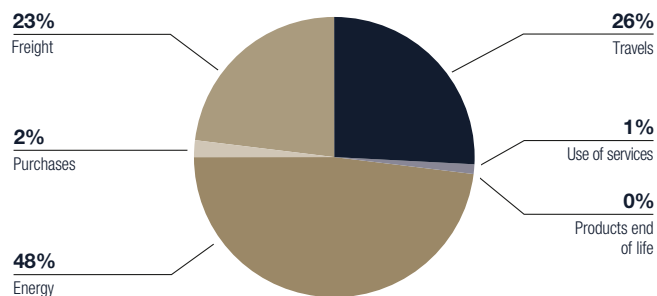
In line with the GHG Protocol methodology, Scope 1+2 include emissions related to energy consumption, refrigerant leaks and fuel consumption. Scope 2 emissions correspond to CPI's electricity consumption which stands at 1,049 tCO₂e.

Energy consumption represents 48% of CPI's total carbon footprint, the largest contributor in 2021. It should be noted that energy consumption has been estimated on the basis of the surface area of offices and that the actual consumption is likely to be lower than the estimate thanks to the measures put in place, in particular LED lighting. This consumption could be further reduced through the installation of sensors where possible.

Travel currently constitutes 26% of CPI carbon emissions, as CPI instructors travel mostly by plane. Employee commuting is also covered in emissions related, as company employees come to the office using cars. This analysis shed light on potential areas for improvement such as:

- optimizing trainers' business travels by delivering as much training in the same area;
- promoting more eco-friendly means of transport for employees (carpooling, biking, public transportation).

GHG emission, by category (% of total emissions)



CPI's carbon footprint is estimated at 2,403 tCO₂e for 2021, representing 8 tCO₂e per employee. The main sources of carbon emissions are energy consumption, travel and freight.

Moreover, the use of services only represents 1% of the total carbon footprint of CPI, corresponding to approximately 72,000 hours of online trainings. Another approach to decreasing the company's carbon footprint would be to resort to online trainings instead of a physical setting whenever applicable.

The second most-contributing item of CPI's indirect emissions is the freight of training material. Almost all the carbon emissions related to logistics are linked to the transportation of workbooks from the warehouses to the customers (downstream freight). Moreover, the production of workbooks represents over 90% of total emissions related to purchasing, while cloud and online storage online represent 9% of these emissions. Encouraging the download of training materials would therefore be an effective manner to reduce Scope 3 emissions.

Implementation of reducing measures:

- reducing energy consumption: 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) lighting office-wide to minimize energy usage and provide lumen coverage. In 2021, 100% of the CPI head office (North America), i.e. a surface area of approximately 5,400 m² was compliant with this environmental approach. This represents 87% of total office space worldwide,
 - installation of auto "off" features in all overhead lighting (North America).
- travel: Given strategies initiated to minimize travel in 2021, CPI began measuring the number of 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;
- remote work: The remote work scheme put in place in 2020 (and continued in 2021) reduced the number of commute miles by 20%, therefore decreasing emissions linked with employee home-work commuting;
- developing digital training: In 2021, CPI launched two virtual training programs (on autism and trauma), therefore reducing emissions linked to participants commute;

Reducing energy consumption and raw material consumption

ENVIRONMENT	Raw material consumption, efficiency and supply	CPI produces approximately 900,000 workbooks each year and 20,000 catalogs that are direct mailed to customers. The impacts would be: <ul style="list-style-type: none"> ■ significant raw material consumption; ■ delivery costs/consumption (routing via UPS). 	Partnering with vendors to minimize page count each year	Catalog page count reduction
				Variation of number of air shipments (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 (transport) and therefore incentivizes the use of e-learning to minimize workbook use. The company attentively assesses catalog pages to minimize page count. Thanks to this approach, the page count per catalog was reduced by 5% in 2021 compared to last year and the number of air shipments was reduced by almost 13%

	12/31/2021	12/31/2020
Page count per catalog	15	16
Number of air shipments (vs. previous year)	2,508	2,877

4.2.3.4.4 Governance commitments

Limiting bribery and anti-corruption

CPI is absolutely committed to adhering to the strictest ethical standards 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)	Number of CPI staff trained and passed on ABC
				Number of lawsuits against CPI
				Number 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 "at risk" team members are aware and trained. 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. This training became mandatory in 2022 and will be conducted annually.

Digital data protection

As all CPI companies are exposed to cybersecurity risks, CPI has dedicated one-third of its IT expenditure to addressing this risk.

Additional information around pandemic resilience

CPI employees are critical to the successful implementation of the Company's mission. This is why the institute will continue to invest to ensure safe, clean work environments to address their anxiety and stress. In 2021, investments included:

- laptops, WiFi, and VPN access to enable CPI staff to work "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;
- 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 and then leveraging that throughout 2021 in 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 Vigilance Plan

Introduction

As required per the French Law No.2017-399 of March 27, 2017 relating to the duty of care, Crisis Prevention Institute (CPI) has drawn up a Vigilance Plan. This first Vigilance Plan was validated in 2021 and will be updated every year by the CEO, the VP HR and the Chief Compliance Officer, who meet on a quarterly basis.

This aims at reducing the risks relating to health and safety, the environment and human rights and fundamental freedom, within the subsidiaries but also in the upstream and downstream supply chain.

This plan covers a risk mapping, a description of the procedures to evaluate such risks, the actions to mitigate them and the alert mechanism enabling employees and other stakeholders to raise a concern. Also, this plan includes the monitoring of these actions. All these elements are presented below.

Risk mapping

The following stakeholders have been integrated in the risk mapping: Tier-1 suppliers, subsidiaries in United Kingdom and Australia, employees, and clients.

The risk mapping is conducted annually and consists in identifying and ranking the main risks for each stakeholder. This evaluation is based on criteria such as the geographical location of each stakeholder, its industry, and its weight within CPI's value chain. International frameworks such as Global Risk Profile and SASB are used as a basis for the criteria evaluation.

The main risks identified within the subsidiaries are:

- the risk relating to the environment, such as the emissions of greenhouse gas emissions;
- the risk of insufficient health and safety of employees;
- the risk relating to the non-respect of human rights and principles of the International Labour Organization, and to discrimination.

The main risks identified for the upstream supply chain are:

- the risk of insufficient health and safety and to non-respect of human rights and principles of the International Labour Organization, and to discrimination for the suppliers' employees;
- the risk of lack of personal data security among online storage suppliers;
- the risks relating to the environment, such as the raw material consumption.

The main risks identified for the downstream supply chain are:

- the risk relating to the health and safety of people trained directly by CPI.

Evaluation procedures

The risks within the subsidiaries are evaluated through:

- internal audit, conducted by Wendel Finance and Audit Team, on a yearly basis, on anti-bribery training, Code of Ethics inclusion in acknowledged Employee handbooks, and whistleblower practices, for all legal entities;
- internal evaluation questionnaire covering cybersecurity risks which is completed at site level on a yearly basis.

The risks relating to the downstream supply chain are assessed through surveys sent to the every participant who completes a CPI training program. These surveys are administrated through SurveyMonkey and the responses are reviewed by CPI every week. Trainers have the opportunity to report any incident or risk relating to the clients during meetings organized at regional level on a weekly basis.

The implement of evaluation procedures for the Tier-1 suppliers will be taken into consideration.

Actions to mitigate risks

To reduce the risks, CPI implemented the following procedures:

- integration of a Diversity and Anti-discrimination Policy and a Safety in the Workplace Policy in the Employee handbook, which is signed by all employees at their arrival and which is subject to an annual review of acknowledgment;
- addition of sustainability criteria in the tender documents for all suppliers and for all entities of the Group. with the exception of Australia. This formalizes the sustainability standards required by CPI for purchases in the US and the UK; Australian operations will be covered as well in 2022 going forward.
- integration of risks relating to human rights and diversity, in all subsidiaries;
- training on health and safety offered to key employees, in all subsidiaries;
- certifications such as IACET, CQC, BILD/RNN, and ASQA, obtained by CPI at country level. Each CPI entity has at least one of the listed certifications. They cover issues relating to human rights and health and safety.

Alert mechanisms

In 2020, CPI implemented a whistleblowing system enabling employees and other individuals to anonymously report a concern to a reporting office, by sending an email to whistleblower@crisisprevention.com. This aims at identifying suspected illegal or unethical conduct or practices or violations of CPI's policies. This alert mechanism is referenced in the Employee handbook and is available on the website of the company. The alert is received and processed by the Chief Compliance Officer and, if needed, by an external legal partner.

In 2021, the Group did not receive any alert through the whistleblowing mechanism.

System to monitor implemented measures

The risk mapping and the implementation of the Vigilance Plan relies on the CEO, the Vice-President of Human Resources and the Chief Compliance Officer who meet on a quarterly basis.

Key performance indicators (KPIs) are monitored internally and reported to the Audit Committee and/or to the Board on a yearly basis, to evaluate efficiency of mitigating actions. The KPIs are the following:

- 100% of entities covered by the internal audit over the year;
- 100% of sites covered by the internal evaluation questionnaire over the year;
- 100% of employees that signed the Employee handbook at year-end;

- 100% of tenders documents includes a sustainability criteria;
- 100% of CPI entities covered by at least one multi-year certification (IACET, BILD/RNN, ASQA) at year-end;
- 100% of "at risk" employees trained on anti-bribery and anti-corruption practices over the year.

4.2.3.6 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 and temporary workers who are on the company payroll. The headcount excludes temporary workers when paid by an external agency, as well as interns.
- The different headcount breakdowns (by gender, EEOC, country, age) are presented in section 2.3.5.1.
- Hires: number of employees that joined CPI during the year, reported in physical headcount. Interns are excluded.
- Voluntary departures cover resignations. Interns are excluded.
- Involuntary departures cover motives such as misconducts, performance issues, reorganizations. Interns are excluded.
- Total departures cover both voluntary and involuntary departures.
- Mandated training covers all training organized by the HR, IT or Legal departments, and role-based training. It excludes onboarding trainings and mentoring. Training hours of employees who left the companies but were trained during the period are included.
- The percentage of employee passing mandated training is calculated using the following formula: Number of employees passing mandated training/Number of employees at the end of the year in physical headcount.
- The hours incurred for mandated training/employee is calculated using the following formula: Number of mandated training hours/Average number of employees in physical headcount.
- % of women at the Board is calculated using the following formula: Number of women at the Board at the end of the reporting period/Total number of members of the Board at the end of the reporting period.
- Underprivileged area refers to:
 - in the US, a zip code that has a median income less than \$20,000 USD (e.g. 53205);
 - in the UK, a post code (area of deprivation) that has median less than 28,500 GBP (e.g., Wythenshawe Park);
 - in Australia, a post code that has median less than \$45,200 AUD (2144 Auburn, NSW).
- The share of office located within a 10-mile radius of an underprivileged area is calculated using the following formula: Number of offices located within a 10-mile radius of an underprivileged area and accessible by bus and train/Total number of offices.

- For North America, the total absenteeism hours consist of fixed number of hours given to employees based on their years of service and include vacation and personal/sick time off. It excludes bank holidays. For Europe and Australia, absenteeism hours include sickness leaves only.
- The formula used to calculate the theoretical hours worked is the following: FTE at the end of the year * Number of working days during the year * Number of hours contractually worked a day by FTE.
- Hours of planned absenteeism per employee ratio is calculated using the following formula: Hours of absenteeism/Number of employees at the end of the year in physical headcount.

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 applicable to permanent and non-permanent employees and includes commuting accidents when the transportation has been organized by the company. This excludes injuries of temporary workers, contractors and subcontractors, commuting accidents when the transportation is not organized by the company. This does not include either the near accidents and work accidents without lost days, nor fatal accidents. Relapses are counted as one accident.
- The formula used to calculate the Lost Time Injury frequency rate is the following: $1,000,000 * \text{Number of Lost-Time incidents} / \text{Total number of theoretical hours worked}$.
- Health and safety incidents refer to the number of incidents.
- The formula used to calculate the severity rate is the following: $1,000 * \text{Number of Lost days by employees} / \text{Number of theoretical hours worked by employees over the year}$.

Environmental data

- Scope 1 GHG emissions are defined as direct emissions from CPI's owned or controlled sources.
- Scope 2 GHG emissions covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by CPI. Refrigerant fluids are excluded.
- Scope 3 GHG emissions includes the indirect emissions relating to purchases (the production of workbooks, the online and cloud storage), assets (the leased buildings), freight (the transport of the workbooks from the suppliers to the warehouse and from the warehouse to the customers), travels (the business travels of CPI employees, the employee commuting), use of products and services (the end of life of workbooks and the energy consumption linked to online trainings).

- The formula used to calculate the GHG emissions for Scope 1, 2 per FTE is the following: $(\text{GHG emissions Scope 1} + \text{GHG emissions Scope 2}) / \text{FTE at the end of the year}$.
- The formula used to calculate the GHG emissions for Scope 3 per FTE is the following: $\text{GHG emissions Scope 3} / \text{FTE at the end of the year}$.
- The formula used to calculate the percentage of revenue from digital training is the following: $\text{revenue from digital training (in USD)} / \text{Total revenue (in USD)}$.
- The catalog page count intensity is based on information provided by the external providers in charge of catalog printing. The catalog page count reduction (compared to previous year) is calculated using the following formula: $(\text{Total number of catalog pages per catalog printed over the year} - \text{Total number of catalog pages per catalog printed over the previous year}) / \text{Total number of catalog pages per catalog printed over the previous year}$.
- 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 number of air shipments avoided (compared to previous year) is calculated using the following formula: $\text{Total number of air shipments over the previous year} - \text{Total number of air shipments over the year}$.
- The percentage of workspaces using LED lightening bulbs is monitored by building owners and calculated using the following formula: $\text{Square meters of office space converted to LED lights} / \text{Total square meters of office space}$.

Societal

- Training on ethics consists of courses that provide employees with instructions on how to deal with ethical dilemmas when they occur and improve their overall ethical conduct. The formula used to calculate the percentage of CPI staff trained and passed on ethics is the following: $\text{Number of employees trained and passed on ethics} / \text{Total number of employees at year-end in physical headcount}$.
- Lawsuit is defined as a claim or dispute brought to a law court for adjudication.
- Lost contracts due to ethics are monitored through the software "Dynamics CRM", recording reasons for lost contracts.

- The cybersecurity training involves a base set of modules (Email Security, Email Protection Tools, Ransomware and Spear Phishing Threats) along with a set of monthly training modules providing a spectrum of topics including but not limited to: work from home, phishing, business email compromise and department-specific training. The formula used to calculate the % of CPI staff trained on cybersecurity is the following: Number of employees trained on cybersecurity/Total number of employees at year-end in physical headcount.
- A cybersecurity or cyber incident is defined as a violation or imminent threat of violation of computer security policies, acceptable use policies, or standard security practices that jeopardize the confidentiality, integrity, or availability of information resources or operations. These incidents are reported and monitored by the Service Desk through alerts from AMP antivirus and Proofpoint Targeted Attack Protection.

ESG performance of products and services

- Certified Instructors (CI) are individuals trained by CPI to train and coach staff at their organizations to assess, manage, and safely resolve instances of high-risk, disruptive, aggressive or high-risk behavior in the workplace. A Certified Instructor remains active if they attend required renewal programs, pay

annual membership fees, and train at least four times in any 24-month period.

- The Net Promoter Score® (NPS) is a tool which measures the customer experience. The data used for this report is the yearly average NPS®. It is based on a satisfaction survey sent to every participant who completes a CPI program. The survey is currently administered via SurveyMonkey. The questionnaire includes the following question: "How likely is it that you would recommend <program name> to a friend or colleague?". At year-end, the following indicators are consolidated for all programs:
 - response rate;
 - recommendation rate.
- The share of Certified Instructors confident in managing aggression refers to the number of Certified Instructors who responded positively to the following question after a training: "Are you more confident in your abilities to manage crisis moments?", divided by the total number of Certified Instructors surveyed. This is monitored through a survey carried out on Techvalidate addressed to a sample of certified instructors.

4.2.4 Stahl

4.2.4.1 Presentation of the company's activity

Stahl is the world leader in sustainable coatings for a wide variety of flexible substrates. Its registered headquarters is in Europe (The Netherlands). Stahl specializes in providing products and services to manufacturers of leather, coated fabrics, 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 several product trademarks used in the portfolio e.g.: PolyMatte®, Permacure®, Stahl NuVera®, Stahl Ympact®, Stahl EasyWhite Tan®, Stahl BeTan®, Densodrin® Catalix®, DryFast, Stahl EVO, 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 flexible materials like leather, coated fabrics, textiles and bio-substrates. The company also supplies coatings and resins to 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, 2021, Stahl operated 11 manufacturing sites and 37 application laboratories in 22 countries around the world, employing 1,821 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.

The Stahl ESG Roadmap to 2030 is a list of commitments and targets for 2023 and 2030. It was introduced in 2020 and formally communicated to Stahl employees via a globally broadcast webinar in 2021, with the CEO, Maarten Heijbroek, featured as a guest speaker. The ESG team tracks progress on the ESG Roadmap to 2030 with the Wendel ESG team, on a quarterly basis.

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 7 and 13 - Affordable and Clean Energy and Climate Action: Stahl's CO₂ emissions targets have been updated in its published ESG Roadmap to 2030 and are aligned with the goal to limit global temperature increase to 1.5 °C. In 2021 Stahl has focused on actions for climate resilience, adaption and mitigation. The replacement of fossil fuel raw materials with renewable carbon alternatives, as well as the use of energy efficient technologies at its sites, is a focus for the company;
- 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 program, of which the company is a member since 2016. In 2021, Stahl confirmed the highest (Level 3) ZDHC Gateway compliance for 1,800 of its portfolio products;
- 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. In 2020 Stahl published its ESG Roadmap to 2030, in which gender and diversity targets are defined;
- SDG 6 - Clean Water and Sanitation: The company has successfully introduced effluent-reducing technologies to the value chain, like Proviera® - Probiotics for Leather™, 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 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 will conclude in 2022, has focused on reducing water pollution and improving the lives of people living and working in the Kanpur leather cluster, which is threatened by environmental pollution;
- 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 2021 on diversity, and anti-corruption.



2021 REVENUE

€831m

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:

11 members

(Stahl, Wendel, BASF,
independent members)

27%

of independent

18%

of women



OPERATIONAL GOVERNANCE

LEADERSHIP TEAM

8 members

HUMAN CAPITAL

~1,800
EMPLOYEES

75% men / 25% women

59 nationalities in 22 countries

- 51% EMEA
- 21% Asia-Pacific
- 14% India and Pakistan
- 14% North and South America

INTELLECTUAL CAPITAL



28%
OF R&D IS
ESG DRIVEN

- 14,6 training hours per FTE on average
- >1,000 people from 131 organizations attended Stahl Campus modules in 2021
- 74 active patent families*

* including patent applications.

INTERNAL RESOURCES

PROCUREMENT



80% of our raw material spend
and 44% of transport suppliers
(in spend) is covered by EcoVadis

Stahl gold medal by EcoVadis



PRODUCTION

11 manufacturing sites
37 Application laboratories

★★★ **9** Centers of Excellence

TRAINING

4
CAMPUS LOCATIONS

USE OF RESOURCES

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

R & D

 **11** research centers
~100 R&D specialists & experts

CERTIFICATIONS
/ MANAGEMENT SYSTEMS

93%
 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

2021 PERFORMANCE

- Reduction CO2 intensity (tCO2e/ton produced) (2021 vs 2020)
 - 16% Scopes 1 & 2 emissions
 - 6% Indirect Scope 3 emissions
- Climate resilience and adaption
- 1631 products listed at ZDHC Gateway Level 3 conformance (highest conformance level)
- All Europeans site 100% renewable electricity
- 38% of all energy globally is renewable

- Employee survey 92% participation with follow up focus meeting where the improvement areas were discussed
- Human rights policy introduced
- New CEO: In July 2021, Maarten Heijbroek became Stahl's CEO
- The Annual Performance Review Appraisal was successfully completed within the Employee Engagement Platform

- EcoVadis gold medal
- 80% of direct suppliers rated by EcoVadis (based on spend)
- More women in highest governance body (Board of directors: 18% (versus 11% in 2020))
- 25% women in the workforce
- 25% women in supervisory positions

Global Initiatives & NGOs

- United Nations (UN) Global Compact, Reporting on 17 UN SDGS
- UNIDO, Solidaridad
- International universities

Other sectorial initiatives

- ZDHC (Zero Discharge of Hazardous Chemicals), Bluesign, ChemIQ
- Leather Working Group
- Renewable Carbon

- TEWEGA (German association of specialty chemicals for textile and leather treatment)



4.2.4.2 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 Statement (EFPS). In 2021 a series of independent interviews were arranged with key Stahl shareholders about materiality, including shareholders, clients, brands, suppliers and external influencers.

Stahl material topics

ESG pillar	Material topics	Material subtopics
Environmental topics	Climate change	Adaption & mitigation 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	

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.

4.2.4.3 Table overview of identified risks & mitigation policies in place

ESG risk mapping for Extra-Financial Performance Statement (EFPS)

Stahl performs an annual review of its risk assessment and control policies in accordance with the requirements of the EFPS 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 seven risks identified (as stated in the table below) with the highest gross risk level⁽¹⁾ 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 2021 are also presented.

Area	Para-graph	CSR risk ⁽¹⁾	Risk description	Maturity	Gross risk	Mitigation policies and actions	Residual risk	Key Performance Indicators	2020	2021	2-year trend
HEALTH & SAFETY	4.2.4.6.2	(1) Occupational health and safety	Chemical industry: occupational health and safety risks, including: <ul style="list-style-type: none"> ■ 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	Total Reported Injuries Frequency Rate (TFTAD)	4.549	8.545	↗
								Lost Time Injuries Frequency Rate (TF)	0.840	1.375	↗
								Severity Rate of Accidents (LTISR)	0.003	0.045	↗
								Fatal accidents	0	0	-
ESG PERFORMANCE OF PRODUCTS	4.2.4.6	(2) Increasing demand and regulation for sustainable chemical products	Products not aligned with demand from brands, NGOs and consumers Customers polluting soil using 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 Climate change action (phase out fossil fuel chemistry) Environmental impact assessment	Low	<u>ZDHC Gateway Chemical Conformance</u>			
								■ number of products listed at ZDHC Gateway Level 3 conformance	1,217	1,613	↗
								■ total sales revenue of products listed at ZDHC Gateway Level 3 conformance		520 m	New
								ZDHC level 3 products as a% of the total portfolio sales (i.e.: for the garment/ footwear/bags/ fashion segment)		63%	New
								<u>Renewable feedstocks in the Stahl global portfolio</u>			
								■ number of products containing > 5% renewable content		226	New
								■ annual sales revenue of products containing > 5% renewable content		50 m	New

(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 ⁽¹⁾	Risk description	Maturity	Gross risk	Mitigation policies and actions	Resi-dual risk	Key Performance Indicators	2020	2021	2-year trend		
ESG PERFORM-ANCE OF PRO-DUCTS	4.2.4.6	(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 Climate change action (phase out fossil fuel chemistry) Environmental impact assessment	Low	■ % of annual sales revenue of products containing > 5% renewable content		7%	New		
								Life Cycle Assessments (LCA)					
								■ number of Stahl products for which complete LCA data is available		50	New		
								■ annual sales revenue of products for which complete LCA data is available		56 m	New		
								■ % of annual sales revenue of products for which complete LCA data is available		7%	New		
								R&D		Research and development			
								Share of ESG-focused R&D projects (% of total projects)		18%	28%	↗	
								Share of renewable energy		34%	38%	↗	
								Energy intensity (TJ consumed/ton produced)		0.00184	0.00156	↘	
						CO ₂ emissions intensity - Scopes 1 & 2 (t1.5/ton produced)		0.1098	0.0928	↘			
CO ₂ emissions - Scope 3 (millions of tCO ₂ e)		485,461	576,456	↘									
ENVI-RONMENT	4.2.4.6.1	(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	Water intensity (m ³ consumed/ton produced)	1.505	1.323	↘		
								Waste water send to external treatment (tons)	12,452	15,245	↘		
								Waste intensity	0.062	0.060	↘		
								Provision for land pollution (in millions of euros)	0.64	1.04	↗		
		(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						
(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	Low								

Area	Para-graph	CSR risk ⁽¹⁾	Risk description	Maturity	Gross risk	Mitigation policies and actions	Residual risk	Key Performance Indicators	2020	2021	2-year trend
SOCIAL	4.2.4.6.2	(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, Succession planning, performance monitoring and training	Low	Turnover rate – resignations only	3.32%	4.08%	↗
								Social dialogue - Instagram and LinkedIn subscribers (in thousands of subscribers)		44	New
								Training hours per FTE	14.71	14.58	-
								Absenteeism rate	1.87%	2.35%	↗
								Percentage of women in supervisory positions (% of total supervisory positions)	24%	25%	↗
GOVERNANCE	4.2.4.6.3	(7) Corruption and bribery	Risk of corruption, bribery, modern slavery in term Stahl's supply chain	Short term	Low	Code of Conduct Corruption and bribery training Grievance and alert mechanism	Low	Percentage of employees trained on these subjects – Compliance training	98.55%	95.86%	↘
								Percentage of employees trained on these subjects – training sessions on company policies	New employees	97.57%	New
								Whistleblowing – Number of cases treated	100% (1 case)	100% (7 cases)	-
								External risk assessment and rating (EcoVadis)			
								% of direct purchases (raw materials) made from suppliers assessed by EcoVadis	67%	80%	↗
								% spend of transport suppliers assessed by EcoVadis	-	44%	New

External macro ESG risks

Stahl also identified ESG macro-risks related to external trends:

- climate change;
- environmental impact assessment;
- chemical compliance.

Climate change: a resilience plan for prevention, reduction and adaption

Climate change mitigation has become a critical strategic objective for the company. To align itself with the goals of limiting global temperature increase to 1.5 °C above pre-industrial levels, as established in the Paris Climate Agreement, Stahl has committed to continue to reduce direct & indirect GHG emissions (Scope 1 and 2 emissions) and to establish a Scope 3 emissions reduction target during 2022 aligned to the 1.5 °C global average temperature rise limit.

Stahl's Climate Resilience and Adaption Plan identifies the capacity to adapt to the direct and indirect impacts of climate change on the company, and outlines plans to take action on climate change and align the company to the 1.5 °C global temperature increase in the Paris Climate Agreement (2015). The plan takes into account the (a) transition risks, and (b) physical risks that apply to the company, and describes the actions required to prepare for the effects of climate change, and to limit the company's contribution to further global warming.

By integrating climate resilience into the Stahl strategy in this way, the company believes it can secure a better future and be a positive force for climate action in the industry.

Preventing climate change – Renewable feedstock

By enabling renewable feedstock solutions and decoupling growth from fossil-carbon-based resource consumption, the company believes that progressive de-fossilization of the chemical industry must be achieved.

Renewable carbon describes resources that have not been extracted from the earth's surface (geosphere), like bio-mass based materials, carbon capture or recycled plastics. Stahl is one of the 11 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 advocate the de-fossilization of the chemical industry. The 11 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 impact data and language (e.g. the impact on climate change, ozone depletion, toxicity, land use). The principle is that in order to reduce the environmental impact of a product, that impact first needs to be measured in a standardized way with a standardized methodology. In 2021 the company achieved EPD certification for LCA data collection of the Stahl Italy facility, and achieved its target of publishing LCA data for 50 of its strategic products. In 2022 LCA data collection for its products will be ramped up in order to achieve its ESG Roadmap target.

Chemical compliance

28% of Stahl's basic chemical research projects are aimed at eliminating unwanted substances from the supply chain and developing replacement products as necessary. The company has

set specific targets for the conformance of its portfolio with the ZDHC MRSL in its Stahl ESG Roadmap to 2030. ZDHC is an initiative in the garment, footwear and accessories industry (the initiative does not include automotive industry). In 2021, 1,613 products (63% of the total revenue) were certified to Level 3 of the ZDHC MRSL version 2.0, a significant achievement for the company. Level 3 certification – which includes extensive product testing and on-site audits – underlines Stahl's commitment to using responsible chemistry to reduce the environmental impact of the supply chain and contribute to driving positive change in the industry.

Stahl's ZDHC commitment

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 made a commitment to the ZDHC (Zero Discharge of Hazardous Chemicals) program to eliminate the substances listed on its Manufacturing Restricted Substances List (MRSL) and in 2016 became a Value Chain Affiliate. The company is active in several task teams and sub groups within the ZDHC, representing the industry and advocating more responsible chemistry.

In 2021 Stahl's Michael Costello, Group Director ESG, was elected as a Board member of the ZDHC Foundation.

4.2.4.4 ESG highlights 2021

- **Health & Safety:** Total Reported Injuries (TRI) Frequency Rate remained stable during 2021 at the same level achieved in 2020. However, in terms of Lost Time Incidents (LTI) frequency rate and severity rate, a long-term injury that took place in January lead the values to higher levels than 2020, due to the 12-month rolling average, these values are expected to decrease, if no other injuries take place, starting in January 2022. In 2021 a safety culture survey was conducted with the help of an external specialists company, amongst all employees with a 96,7% response rate.
- **New CEO:** In July 2021, Maarten Heijbroek became Stahl's CEO, replacing Huub van Beijeren who retired after 13 years at the helm.
- **EcoVadis:** Stahl was awarded EcoVadis Gold rating, placing it within the top 5% of companies assessed by EcoVadis.
- **Climate change mitigation:** Stahl drafted its first Climate Resilience and Adaption Plan, which outlines the targets and plans to take action on climate change and align the company to the 1.5 °C global temperature rise limit established in the Paris Climate Agreement (2015). Stahl was present at the COP26 in Glasgow and announced its Scope 3 GHG emissions plans there.

- **ESG communication:** With travelling restricted in many regions for part of the year, the company continued its program of interviews, presentations, webinars and social media events on topics of sustainable development and compliance. Helping its partners and stakeholders achieve their goals by sharing its ESG experience is inspiring Stahl to go further with its own ambitions.
- **Economic performance:** Trading volumes rebounded strongly in 2021, continuing the trend from the last quarter of 2020. However, supply chain constraints and scarcity of raw materials dominated commercial activity for much of the year.
- **ESG performance:** Higher production volumes for much of the year reflected the improvement in trading volumes. Environmental KPIs like water, energy and waste improved *versus* 2020 (measured as intensity, per tons produced). Business travel CO₂ emissions increased vs 2020 but still remain well below historical (2019) levels in absolute terms due to the continued travel restrictions related to the pandemic.
- **ESG performance - products:**
 - Stahl achieved Level 3 status in the ZDHC Gateway compliance module for 1,613 products in its portfolio. In 2022 the company plans to certify 200 more products from its portfolio to the Gateway conformance portal.
 - Stahl's research into non-fossil fuel technology continued in 2021 with the release of its renewable carbon-based product portfolio Stahl Ympact™. This complements the Stahl NuVera® and Stahl Relca®Bio ranges released in 2020.

■ Social:

- Stahl implemented an Employee Engagement Platform (EEP) in 2019 to encourage employee participation and foster commitment to the company culture. In 2021 a survey was launched within this platform, in which 95% of employees participated. The results of the survey were communicated to the management and action is being taken on relevant issues raised by them.
- In 2021 the Annual Performance Review Appraisal was successfully completed within the Employee Engagement Platform. This is the second year that this formalized approach to annual performance appraisals has been applied to all employees.

4.2.4.5 Stahl governance

Stahl Board of Directors

The Board of Directors of Stahl meets at least 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 members are representatives of its shareholders (Wendel, BASF), two independent members, as well as the Chief Executive Officer and the Chief Financial Officer of Stahl.

Maarten Heijbroek	Stahl (CEO)
Frank Sonnemans	Stahl (CFO)
Félicie Thion de la Chaume	Wendel Group
Claude Ehlinger	Wendel Group
Piet van der Slikke	IMCD
Etienne Boris	Independent
Wolfgang Frank Hagen	BASF
Huib van Beijeren	Independent
Xavier Lemonnier	Wendel Group
Caroline Bertin Delacour	Wendel Group
David Varet	Wendel Group

Stahl Leadership Team

Stahl's Leadership team meets monthly and determines the implementation of company strategy, including ESG topics. The team is comprised of the CEO, CFO, COO, CIO, HR, R&D Director and the business managers for Leather Chemicals and Performance Coatings units respectively.

In July 2021 the new Chief Executive Officer, Maarten Heijbroek, replaced Huib van Beijeren, who retired. ESG is represented by the Chief Innovation Officer, John Fletcher, on the Stahl Leadership team. In 2021 the Group Human Resources Director joined the team.

Stahl has agreed gender balance targets for the leadership team, for 2023 and 2030.

The Stahl Leadership Team reviewed and approved the Stahl ESG Roadmap to 2030 and the seven risks that structure Stahl's EFPS.

Executive Control Group

A wider governance body, the Executive Control Group includes the Stahl Leadership Team members, local site managers, regional general managers, executives from the strategic business units, Marketing, Communications, HR, ESG, IT, Legal & Compliance, Finance, Internal Audit and SHE. The Executive Control Group meets quarterly and reviews performance and decides on tactics for the upcoming business cycles. An update on all ESG activities is also presented at these quarterly meetings.

ESG governance

At the corporate level, ESG (Environment, Social & Governance) is represented by the Chief Innovation Officer in Stahl's leadership team.

The ESG team 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 targets established in the Stahl ESG Roadmap to 2030.

Two new members were added to the ESG team in 2021, focused on Life Cycle Assessment and Supply Chain Transparency. The current team is composed of:

- group ESG Director;
- ESG Performance Manager;
- Environmental Impact Manager ;
- Supply Chain Transparency Manager;
- Life Cycle Assessment Manager;
- Stahl Campus managers.

4.2.4.6 Strategy & the ESG Roadmap: Stahl as a catalyst for positive change

Stahl strategy

Stahl aims to embrace new technologies to create solutions that meet the demands of our changing world. At the same time, 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:** Stahl has initiated a ten-year digital transformation strategy: the internet of things, artificial intelligence, e-commerce and block chain. This transformation will be a determining factor in terms of how 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. 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 in its raw materials. For Stahl this means replacing solvents and other fossil fuel feedstock based raw materials in its products;
- **sustainable development:** Chemicals can drive the development 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 doing good.

ESG Roadmap to 2030

Given Stahl's commitment to being a catalyst for positive change and its emphasis on tracking and assessing its ESG performance, the company established a roadmap in 2020. 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.



In 2021 webinars were organized for all Stahl employees to explain the goal, the content and their role in achieving the targets.

2021 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 reducing carbon footprint, eliminating unwanted substances, replacing fossil-fuel raw materials with renewables, or converting solvent-based products to water-based and solid alternatives. In 2021, 28% of Stahl's global R&D projects were focused on these topics.

As a direct result of years of research into responsible chemistry and the elimination of potentially unwanted substances, Stahl has

achieved Level 3 status in the ZDHC Gateway MRSI conformance module for 1,613 chemicals in its portfolio. This compliance milestone will be extended to certify 200 more products in 2022 aligning itself with the commitments in the ESG Roadmap to 2030.

Stahl's intensive research into the replacement of fossil fuels in its chemicals was showcased in 2021 with the release of the Stahl Ympact™ portfolio of leather chemicals. This follows the release of two renewable carbon-based portfolios in the coatings and polymers segments in 2020: Stahl NuVera® and Stahl Relca®Bio.

CSR risk	Description	Mitigation policies and actions	KPIs	2021	2020
Increasing demand and regulation for sustainable chemical products	Products not aligned to the requirements of brands, NGOs & consumers	Regulatory watch & product stewardship	ZDHC level 3 compliant products (number of products in the ZDHC gateway, highest compliance level)	1,613	1,217
	Customers causing environmental contamination with Stahl's chemicals	Industry governance and initiatives (like ZDHC)	Share of ESG driven R&D projects (% total projects)	28%	18%
	Unavailability of chemical raw materials due to regulation related to the environment or human health	Stahl's responsible chemistry policy ESG driven R&D projects			

4.2.4.6.1 ESG performance: environment

CSR risk	Description	Mitigation policies and actions	KPIs	2021	2020
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	<ul style="list-style-type: none"> ■ CO₂ reduction strategy ■ Reducing CO₂ emissions (targets) ■ Calculation of the full carbon footprint (Scope 1, 2 and 3) ■ Renewable carbon ■ Open innovation ■ Energy reduction ■ Green energy sourcing ■ Focus on energy self-sufficiency (technology investments) ■ Climate Resilience and Adaption Plan ■ Environmental training 	Share of renewable energy	38%	34%
			Energy intensity (TJ consumed/ton produced)	0.00156	0.00184
			CO ₂ intensity Scopes 1 & 2 (tCO ₂ e/ton produced)	0.0928	0.1098

Climate change mitigation

United Nations (<https://www.un.org/en/global-issues/climate-change>):

- the concentration of GHGs in the earth's atmosphere is directly linked to the average global temperature on Earth;
- the concentration has been rising steadily, and mean global temperatures along with it, since the time of the Industrial Revolution;
- the most abundant GHG, accounting for about two-thirds of GHGs, carbon dioxide (CO₂), is largely the product of burning fossil fuels.

Climate change mitigation has become a critical strategic objective for the company.

To align itself with the goals of limiting global temperature increase to 1.5 °C above pre-industrial levels, as established in the Paris Climate Agreement, Stahl has committed to continue to reduce direct & indirect GHG emissions (Scope 1 and 2 emissions) and to establish a Scope 3 emissions target aligned to the Science Based Targets Initiative (SBTi). These targets will be communicated during 2022.

Transition towards a net zero global economy in 2050

Stahl's Climate Resilience and Adaption Plan identifies the capacity to adapt to the direct and indirect impacts of climate change on the company, and outlines plans to take action on climate change and align the company to the 1.5 °C global temperature increase in the Paris Climate Agreement (2015). This document lays out the company's plans for the transition risks (towards a net zero global

carbon economy) and physical risks that apply to the company, and actions to prepare for the impact of climate change, and to limit the company's contribution to further global warming. By integrating climate resilience into company strategy in this way, Stahl believes it can secure a better future and be a positive force for climate action in our industry.

Target Scope 1 & 2 GHGs: Scope 1 & 2 emissions are the direct (Scope 1) and indirect (Scope 2) emissions linked to activities such as manufacturing of Stahl products at Stahl manufacturing sites, laboratory operations, company vehicles and electricity sourcing. Between 2015 and 2020 Stahl reduced its absolute direct (Scope 1 & 2) GHG emissions by 37%. The company has established a new target for direct emissions (articulated in its ESG roadmap to 2030): a 2% annual reduction between 2020 and 2030 (2019 base year). This can be achieved in different ways (sourcing from green electricity networks, installing solar panels, energy efficient equipment).

Target Scope 3 (indirect) GHGs: Scope 3 emissions are all indirect emissions (not included in Scope 1 and 2) that occur in the value chain of the reporting company, including upstream and downstream emissions. In 2017 Stahl set up a calculation tool together with an external consultant and calculated the relevant categories according to the GHG Protocol Corporate Value Chain Accounting and Reporting Standard. This assessment was established 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 relevant categories and their estimated CO₂ emissions periodically. In 2021 the methodology was reviewed and updated with internal experts and external consultants.

Stahl has committed to establish an emissions target aligned to the 1.5 °C global average temperature rise limit established in the Paris Climate Agreement, i.e.: Scope 1, Scope 2 and Scope 3 targets. This target will be communicated during 2022.

2021 Climate mitigation highlights

- The Stahl ESG Roadmap to 2030 was formally introduced to all employees (via a live webinar with Q&A) and to external stakeholders, including targets related to climate change.
- A Climate Resilience and Adaption Plan was drafted and approved by the Stahl Board.
- The share of renewable carbon in Stahl's commercial portfolio began.
- External validation and verification of Stahl's Life Cycle Assessment (LCA) data model was achieved.
- Strategic sessions took place with the Stahl's Open Innovation Team to help facilitate low carbon technologies, such as the BIO-NIPU project (polyurethane without the use of traditional isocyanates) and renewable carbon (from biomass, carbon capture or recycled plastics for instance).
- Hot spot analysis of the main Scope 3 emissions categories (purchased goods and services) intensified, to identify and measure the impact of initiatives related to chemical raw materials.

- Training was performed on GHG emissions and LCA methodology for internal departments and for external stakeholders (customers, brands, students).

Outlook: CO₂ reduction projects 2022 (highlights)

- Update Scope 1 and 2 calculation emission factors.
- Review of Scope 3 organizational boundaries, categories and methodology.
- Establish a CO₂ impact model that allows the company to calculate the impact of low carbon technologies on its total carbon footprint.
- Target setting for total GHG emissions, aligned with the 1.5 °C global average temperature rise limit.
- Installation of self-generating electricity installations (solar & wind power) at selected sites.

Stahl's total carbon footprint

Greenhouse gas emissions are categorized into three groups or "Scopes" by the most widely-used international accounting tool, the Greenhouse Gas (GHG) Protocol. Scope 1 covers direct emissions from owned or controlled sources. Scope 2 covers indirect emissions from the generation of purchased electricity, steam, heating and cooling consumed by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain, which are defined in 15 categories.

Scope 1 (direct)	Scope 2 (indirect)	Scope 3 (indirect)
Fuel combustion Company vehicles	Purchased electricity, heat and steam	Cat 1: Purchased goods and services Cat 2: Capital goods Cat 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2) Cat 4: Upstream transportation and distribution Cat 5: Waste generated in operations (going out) Cat 9: Downstream transportation and distribution Cat 12: End-of-life treatment of sold products

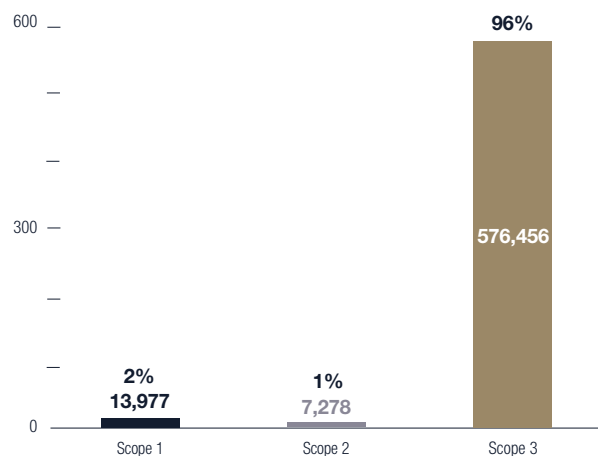
How and what is calculated, is explained in the chapter reporting scope & methodological precisions in the section "Guidelines on calculation and reporting of indirect Scope 3 CO₂ emissions".

GHG emissions reduction

In 2015, Stahl set itself a five-year goal of reducing its CO₂ emissions (Scope 1 and 2) as per the Paris Climate Agreement within the United Nations Framework Convention on Climate Change (UNFCCC). By the end of 2020 the company had achieved a 37% reduction in absolute CO₂ emissions. The reduction was driven by sourcing green energy at its European sites, investment in energy-saving technology at its manufacturing sites, and the significant reduction in business travel in 2020.

In 2019, solar panels were installed at the Stahl manufacturing site in Portão, Brazil. This solar energy investment resulted in a significant drop in CO₂ emissions at the site in 2020, and already represents half of the site's electricity requirement.

Stahl has set a target of three sites (out of 11 total) using on-site renewable sources (minimum 20% of total energy) by 2023, and six sites by 2030.

Absolute direct and indirect CO₂ emissions (tCO₂e) in 2021**GHG emissions Scope 1 and Scope 2**

	2021	2020
Scope 1: absolute direct GHG emission (tCO ₂ e)	13,977	13,858
Scope 2: absolute indirect GHG emission (tCO ₂ e)	7,278	6,064
CO ₂ emission Scope 1+2 (tCO ₂ e)	21,255	19,922
Total production volume (in metric tons)	229,533	181,453
CO ₂ intensity*	0.0928	0.1098

* Intensity is related to production volumes (CO₂ emission/production volume).

Scope 3 CO₂ emissions (indirect)

	2021	2020	2019
Scope 3: estimation of absolute indirect emission sources (tCO ₂ e)	576,456	485,461	529,849
Scope 3 intensity (Scope 3 absolute emissions/production volume)	2.511	2.675	2.546

In previous reports, CO₂ emissions were presented in kgCO₂eq. This year the reporting unit has been changed to metric tons (tCO₂e), to allow easier benchmarking.

Scope 3 CO₂ emissions per category

	2021	2020
Cat 1: Purchased goods and services	63%	56%
Cat 12: End-of-life treatment of sold products	23%	27%
Cat 4: Upstream transportation and distribution	9%	11%
Other (e.g. capital goods, downstream transport and distribution)	5%	6%

Purchased goods and services (63% in 2021) continues to be the largest category. An increase in production volumes is directly linked to purchased raw materials. Higher production volumes would require more raw materials, which results in higher CO₂ emissions.

Category 12 "end-of-life treatment of sold products" (23% in 2021) remains the second largest sources of Scope 3 emissions in 2021 (23% in 2021), although updated information on this category is not readily available, and remains an estimation based on best assumptions. New information is not available to Stahl to review this category annually.

Measures to reduce Scope 3 GHG emissions are:

- selecting chemical raw materials with a lower CO₂ footprint;
- developing alternatives with renewable feedstock raw materials;
- placing water based and renewable feedstock products in the market, and promoting them proactively.

Transportation of purchased goods is the third largest source of Scope 3 emissions (Cat. 4), accounting for 9% of emissions in 2021. Based on the assumptions in the calculation of transport emissions (done in 2017), 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 CO₂ 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 destinations.

In 2022 Stahl will review all 15 categories as per the GHG protocol, which the help of an external consultant. It is likely that more products and services will be added to category 1 (for example, outsourced production and products for resale, which is likely to be a significant increase in CO₂ emissions and employee commuting). This comprehensive review will serve as a good base to set a target for Scope 3.

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 2021, absolute energy consumption was higher than 2020 because of higher production volumes at Stahl's manufacturing sites. Energy consumption per metric tons produced (intensity) in 2021 was lower than in 2020.

Energy consumption

	2021	2020
Energy (TJ)	359	334
Share of renewable energy	38%	34%
Total production volume (in metric tons)	229,533	181,453
Energy intensity (TJ)*	0.00157	0.00184

* Intensity is related to production volumes (energy consumption/production volume).

Water

CSR risk	Description	Mitigation policies and actions	KPIs	2021	2020
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)	1.323	1.505

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 more water in 2021 because of higher production volumes. Water consumed per metric tons produced (intensity) was nevertheless lower in 2021 vs. 2020.

Total water consumption

	2021	2020
Water consumption (m ³)	303,599	273,045
Total production volume (metric tons)	229,533	181,453
Water intensity*	1.323	1.505

* 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.

	2021	2020
Other water use (m ³)	409,882	373,958

Waste

CSR risk	Description	Mitigation policies and actions	KPIs	2021	2020
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)	15,245	12,452
		Waste management strategies	Waste intensity	0.060	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 chemical waste from products, raw materials, process installations (e.g. sludge from

wastewater treatment), laboratories and used packaging. Non-hazardous waste relates to the non-chemical waste, such as glass, paper, wood, plastic, domestic and demolition waste.

	2021	2020
Hazardous waste (metric tons)	12,222	9,920
Non-hazardous waste (metric tons)	1,576	1,397
Total waste (metric tons)	13,798	11,317
Total production volume (metric tons)	229,533	181,453
Waste (total) intensity*	0.060	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 third party and reported as hazardous waste. The quantity of waste increased in 2021 vs. 2020 due to higher production volumes.

	2021	2020
Wastewater sent to external treatment (metric tons)*	15,245	12,452

* Waalwijk (Netherlands), Calhoun (USA) and Toluca (Mexico).

Environmental provisions

Stahl's environmental provision for land pollution in 2021 was €1,04 million.

4.2.4.6.2 ESG performance: social

Human Resources (HR) – Enhancing company attractiveness, maximizing employee engagement

Attractiveness & talent retention

Risk	Risk Description	Mitigation policies and actions	KPIs	2021	2020
Attractiveness & talent retention	Risk of losing qualified and talented employees from the company	HR Strategy Succession Planning – new leaders in key positions	Voluntary staff turnover rate – resignations only	4.082%	3.32%
	Risk of not attracting qualified and talented employees to the company	Employee Engagement Platform (EEP), performance review & training Stahl values and DNA, shared with employees	Training hours per employee (FTE)	14.58	14.71

Human Resources strategy

The world saw, again, changes and shifts in perspective and priorities in 2021. The coronavirus pandemic has disrupted organizations and forced Human Resources departments to think differently about their role in ensuring effective business continuity.

In 2021 the HR team created more permanent remote work options that allow employees the flexibility of working away from the office. At the same time, given the importance of social coherence to company performance, Stahl employees were also encouraged to work at the premises on chosen days. The result was a hybrid model of smart working where employees and supervisors agree on where worktime is spent.

In spite of difficult circumstances and with a sharp focus on supporting the recovery in market demand, the Stahl HR team took the opportunity to consolidate the HR products and processes released over the last four years (e.g. Easy Learning Space, HRMS, E-Learning contents) and to launch a worldwide "People Experience Survey".

A new HR strategy was defined in 2021, based on the following pillars:

- 1) Company and Business Strategy;
- 2) the ESG Roadmap;
- 3) the digital transformation journey;
- 4) compliance;
- 5) People Experience Survey.

Stahl People Experience Survey

A global survey was launched in Q2 2021 on employee engagement. Its main objectives were to improve the employee experience, boost employee engagement by measuring key indicators (company attractiveness, recruiting, onboarding, development, retention and separation), and to provide insights for the new Stahl HR strategy. An external partner was appointed for the survey execution to ensure confidentiality and reliable benchmarking. Ten topics were selected:

- 1) Agility and Innovation;
- 2) Confidence in the future;
- 3) Culture and Values;
- 4) Diversity/Inclusiveness culture;
- 5) Employee Experience;
- 6) Engagement;
- 7) Line Management Effectiveness;
- 8) Management Team Effectiveness;
- 9) Performance Enablement;
- 10) Strategic Focus.

Considering it was Stahl's first such global Engagement Survey, the level of employee participation was high, with a response rate of 92% and an engagement index above the benchmark that sets the average engagement rate at 78%. All surveyed topics reported encouraging results, and the company received top scores in "Confidence in the future" and in "Line Management Effectiveness" when compared to global benchmarks. "Diversity and Inclusiveness" also scored above the global benchmark and the overall consensus was positive, especially on the fairness of treatment (83%).

Stahl has also identified some areas of improvement based on the survey results. To address these areas, focus groups were established either by gender and generation (global focus group) or by geography (local focus group). All these focus groups are led by HR staff to ensure a shared outcome and a diverse composition of participants. The final result, a list of local and global actions, was discussed and approved during Leadership Team meetings in order to set priorities for the coming two years. The goal is to launch another employee survey in 2023.

New leaders in key positions

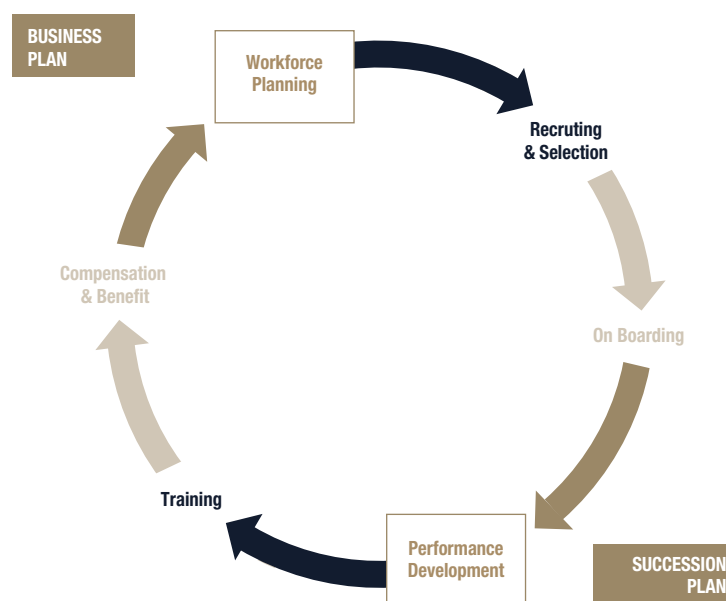
Succession planning is an important process at Stahl. Several actions have been completed in order to ensure business continuity and company leadership, while maintaining the Stahl culture and values as pillars.

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 organizational structure.

The appointment of the new Stahl CEO, Maarten Heijbroek, was a notable highlight of 2021. Maarten Heijbroek replaced Huub van Beijeren, who retired after 13 years at the helm of the company.

Performance development

Stahl continued its performance development process in 2021. The purpose is to identify rough diamonds, pillars and the Group's driving forces, to 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, the company continued the streamlining of HR processes in 2021. 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.

Technology was essential to Stahl's workplace harmony in 2021, especially given the challenges that the pandemic brought. The company took the opportunity to normalize the digital solutions introduced in 2020, bringing teams together and facilitating seamless business operations while travel restrictions remained in place.

The "employee corner" is a place where HR can manage processes and employees can find all necessary corporate information, and it was further developed in 2021 to enable easy access to the mandatory and or optional e-learning courses for employees.

Employment

The total number of FTEs (Full-time Equivalents) at year-end 2021 was 1,800 which is an increase of 30 FTEs compared to the end of 2020. The increase is linked to the additional employees required in operations to address the increased demand, and additional R&D employees to establish a permanent team focused on open innovation.

The breakdown of FTE's (Full-time equivalent) as of December 31, 2021 and the change compared to the prior year-end per region is as follows:

Region	12/31/2021	12/31/2020	Change
EMEA	913.5	888.8	24.7
Asia-Pacific	373.6	367.0	6.6
India and Pakistan	258.0	256.0	2
North and South America	255.0	258.7	-3.7
TOTAL	1,800.1	1,770.5	29.6

Employee workforce statistics for 2021 at a glance

Permanent contracts	90.23% of Stahl's employees
Workforce gender balance	25% female 75% male
Total number of employees (headcount)	1,821 (vs. 1,790 in 2020)
Departures (dismissals, resignations, etc.)	161.7
Hires	195.5
Voluntary staff turnover rate	4.08% (vs. 3.32% in 2020)
Absenteeism rate	2.35% (vs. 1.87% in 2020)
Training hours (per FTE)	14.58 hours (vs. 14.71 hours in 2020)

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, 34 application labs, 34 sales offices and 9 Centers of Excellence. Working practices differ by region. Most Stahl units have a 5 days working week, with the exception of employees in India, 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 2021 was 2.35%, versus 1.87% in 2020.

Labor relations

Given the international nature of Stahl and the relatively small dimension of the local units, there are four collective agreements in place. Salary levels and other means of compensation 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 qualitative and quantitative objectives, including ESG. This bonus scheme is coordinated centrally to ensure proper alignment and consistence with local practices.

Compensation

Total compensation, excluding bonuses, paid in 2021 was €112 million, 8.74% higher 2020.

Training and education

The HR team is committed to offering training opportunities to improve employee skills.

The company was able to return to some face-to-face training in 2021, but still not at pre-pandemic levels. The e-learning catalogue of courses on offer was significant in 2021, including training on compliance subjects and the further development of soft skills, but also cyber security training, bribery & corruption.

In 2021 HR hosted several webinars aimed at communicating Stahl's strategic pillars and the ESG Roadmap to 2030. These were well attended and well received, and will be followed up with more in 2022.

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 2021 was 14.58 hours per Full-time equivalent (FTE) compared to 14.71 hours per FTE in 2020.

Equality, diversity & inclusion

In 2021, Stahl communicated its diversity policy on social media. The company's approach to human rights and vigilance was also covered in a broadcast: <https://www.stahl.com/strategy/sustainable-development/policies-statements-reports/gri-diversity-equal-opportunity>

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 our leadership talent, diversity and inclusion principles are 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 reviews, as well as its hiring and talent identification process. Stahl's Diversity and Inclusion Policy for the Group applies to the whole company, including the leadership team and the Board.

Whilst the occupancy of females in supervisory positions is 25% (the same as the overall percentage of females in the company), the percentage of females can vary significantly between departments, depending on the nature of the activities. Certain departments in Stahl have a predominantly male workforce. In production operations (listed as "supply chain" in the tables) there are significantly more males than females, due to in part to the physical nature of the job of manufacturing chemicals, which can mean manipulating heavy loads, machinery and tooling. In these areas of production only a very limited number of employees are female. In Stahl's leather chemical sales division there is also a predominance of male workers, partly because the Stahl business model encourages its technicians to work closely with customers at their factory locations around the world (i.e.: tanneries). This was historically a physically demanding and sometimes dirty activity, and the job also required extensive international travel for weeks at

a time, conditions which have proven difficult to attract more women. This is changing as society changes, but the legacy of male occupancy remains. In other Stahl departments, gender balance is consistent and close to parity: excluding employees from operations and the leather chemicals sales division, 41% of workers are female.

A good indicator for equal treatment is the percentage of women in supervisory positions, which is 25% (same as our 25% in total workforce). Stahl tracks the ratio of female/male employees (25% female and 75% male in 2021, see table below - Headcount) and the number of female employees in supervisory positions (employees with direct reports and/or holding a management position). In 2021 there were 96 women in supervisory positions, which is 25% of total supervisory positions (see table below - Supervisory positions).

% of female and male representation headcount in 2021

Business unit	Total	% Female	% Male
Executive Management	37	46%	54%
Corporate functions (including ESG)	17	53%	47%
Business demand	24	75%	25%
Finance & IT	145	44%	56%
Human Resources	27	85%	15%
Business unit Leather Chemicals	400	13%	87%
Business unit Performance Coatings & Polymers	158	25%	75%
R&D and Technical Application	111	38%	62%
Supply chain (incl. Production/Operations, Procurement and Customer service)	902	21%	79%
TOTAL	1,821	25%	75%

% of female and male representation in Supervisory positions in 2021

Business unit	Total	% Female	% Male
Executive Management	13	23%	77%
Corporate functions (including ESG)	8	38%	63%
Business demand	11	82%	18%
Finance & IT	37	35%	65%
Human Resources	15	80%	20%
Business unit Leather Chemicals	92	15%	85%
Business unit Performance Coatings & Polymers	55	15%	85%
R&D and Technical Application	21	24%	76%
Supply chain (incl. Production/Operations, Procurement and Customer service)	132	22%	78%
TOTAL	384	25%	75%

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 whistleblower 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. In 2021 also a Whistleblower Management Policy was implemented, that describes who is responsible for handling the case and how, when external investigation is necessary and how to communicate.

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	2021	2020
Occupational health and safety	Chemical industry: Risks related to occupational health and safety, including: <ul style="list-style-type: none"> ■ 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	8.545	4.549
			Lost Time Injuries Frequency Rate	1.375	0.840
			Severity rate of accidents	0.045	0.003
			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 started in 2018 and continued to be implemented every year since then. The program is known as 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 is continuously being reviewed and updated. In 2021 an OCDI (Organization Culture Diagnostic Instrument) was performed globally, the first simultaneous and global action in the R20 program. The results were made available in December, and they will help and contribute to define and support the actions that within the R20 program will be done in 2022.

Health & Safety principles

The key principles of Stahl's Health and Safety 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 four 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.

Several directives, rules, methodologies and tools were released or updated in 2021. All of them are available in a SharePoint page conceived as the main SHE & Process Safety backbone system for Stahl. This page contains all relevant documents in a broadly accessible way to all Stahl employees. Information and reports are no longer distributed by mail: they are introduced in the SharePoint and a mail is sent to inform that they are available. Finally, sub-pages are available to store information and constitute a common working platform for projects both global and local.

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 Injuries (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 2021 Stahl continued reporting on the new criteria introduced in 2020, 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, however, a KPI on traffic accidents frequency rate has been defined and is reported monthly.

As a policy, KPIs are continuously reviewed and challenged to align them with best practices and also because as safety culture changes, KPIs need to be adapted. Final target is to implement leading KPIs on safety on top of lagging KPIs.

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, trends and KPIs can be traced back to 2012. This ensures traceability of KPIs even if new ones are introduced.

The Stahl Hazard Identification and Risk Assessment Methodology (SHIRAM), rolled out in 2020, has become Stahl's standard methodology for risk assessment. This methodology is designed to fit Stahl's operations and processes, and to integrate best practices for risk assessment and management.

ARA platform

In 2021 the former Stature Platform was replaced by the ARA Platform, both from Sphera - the first based on local server installation, the second a cloud-based platform. Besides the SHIRAM, other methodologies are being implemented in this platform.

All studies are managed through this platform. Hence, studies are always available to all relevant parties in its latest version and information can easily be shared between sites. The development is foreseen to continue and intensify in 2022 introducing new templates and services and providing a clear reference within the digitalization landscape of Stahl.

Response to Covid-19

Since the onset of the pandemic in January 2020, a crisis team has been tracking and measuring the situation in the countries where Stahl operates. Weekly meetings with the Corona Operations Team (COT) were established and updates were reported to management at the end of each week.

In spite of a steady easing of restrictions in 2021, the Covid-19 situation is still being tracked by the Global SHE & Process Safety Team.

4.2.4.6.3 ESG performance: governance**Human rights, modern slavery, corruption, bribery**

CSR risk	Description	Mitigation policies and actions	KPIs	2021	2020
Corruption and bribery	Risk of corruption, bribery, modern slavery in Stahl's supply chain	Code of Conduct Due diligence questionnaire	Share of employees trained on these subjects – Compliance training	95.9%	98.5%
	Risk of corruption, bribery, modern slavery in Stahl's own operations	External risk assessment and rating (EcoVadis)	Share of employees trained on these subjects – Corporate policies course	97.57%	New employees
			Whistleblowing – Number of cases treated	100% (7 cases)	100% (1 case)
			% of direct purchasing spend represented by EcoVadis assessed suppliers	80%	67%
			% of spend of transport suppliers represented by EcoVadis assessed suppliers	44%	New

Stahl's Code of Conduct ensures that human rights and the environment are respected by those parties with whom we do business. Related to this, a Whistleblower Policy is in place with clear rules that allow employees to report suspicious behavior that could be in conflict with the Code of Conduct, with the necessary protection guarantee for the whistleblower in question.

Stahl runs mandatory e-learning training programs, for all employees, focused on human rights and prevention of corruption and modern slavery in which special attention is given to awareness and red flags that can indicate non-compliant behavior in the company or in the supply chain.

The company has established specific targets in its ESG Roadmap to 2030 for its top suppliers' EcoVadis ratings. 80% of Stahl's total (2021) spend on raw materials was supplied by EcoVadis rated suppliers (the EcoVadis system is explained in the chapter "Ethical procurement"). 44% of Stahl's spending in transport suppliers is covered by EcoVadis rated suppliers.

Stahl has 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.

Sapin 2 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. signing of the 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 approach. 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

Highlights 2021 and outlook 2022

- During 2021 Stahl increased the coverage of its EcoVadis assessed suppliers. 80% of raw material spend and 44% of transport suppliers (in spend) is covered by EcoVadis.
- For 2022 Stahl intends to conduct site visits to its most critical suppliers and suppliers with a low score on the EcoVadis ranking.
- All commercial procurement staff received trainings on sustainable procurement and environmental topics and will continue to train themselves next year.
- 2021 has been marked by many force majeure in the chemical industry, caused largely by the Texas, USA frost in February, regional Covid outbreaks impacting logistics around ports, and the measures in China during Q4 related to the implementation of China's Energy Policy and preparations for the Winter Olympics in Beijing in 2022. Despite the outages in the industry Stahl's supply base proved to be robust enough to meet the company's demand by and large.
- The Q4 increase in energy prices is hitting Stahl's operations directly, and certainly also indirectly through its supply chain. Gas & electrical power are key cost contributors to the chemical industry. Cost increases will be passed on in this supply chain sometimes as energy surcharges or directly in the purchase prices.

Ethical procurement strategy

- Stahl selects the best possible suppliers using commercial criteria (quality, price, availability, volume, etc.) as well as ESG performance (LCA data availability, renewable carbon content, ZDHC MRSL compliance) and ethical requirements, like Code of Conduct compliance, due diligence questionnaire completion, the EcoVadis principles and rating, geographical risk, type of raw material & provenance.

- 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.

- Through the EcoVadis CSR ratings platform, Stahl collects valuable insight into the performance and risks of its suppliers in four areas:

1. environment;
2. labor & Human rights;
3. ethics; and
4. 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 pertaining to the 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.

EcoVadis Gold medal

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 2021, Stahl's EcoVadis-rated suppliers represented 80% of the company's direct purchasing spend on raw materials.

In 2021 Stahl achieved EcoVadis Gold rating, a significant achievement and a recognition of its commitment to transparency and continuous improvement of its ESG performance. With this Gold rating, the company is ranked among the top 5% of peers evaluated by EcoVadis.



Industry governance

- In 2021, Stahl's Michael Costello was elected to the Board of Directors of the ZDHC Foundation. The Board consists of eight brands (including Burberry, Inditex, Puma, Adidas, Levi), one textile manufacturer and two chemical suppliers (currently Huntsman and Stahl). The Zero Discharge of Hazardous Chemicals (ZDHC) foundation is one of the most influential non-profit groups in the textile and leather supply chains. Stahl has been an active member of ZDHC since 2016, and sits on several task team and subgroups focused on enabling the elimination of unwanted substances from the fashion supply chain.
- The company is proactively involved in 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 was an Executive Committee member of the Leather Working Group (LWG) from 2017-2021. LWG is a multi-stakeholder association with a mission to raise the bar of environmental stewardship through its audit protocol.

Sustainable development

- The five-year Public Private Partnership (PPP) between Stahl, Solidaridad, and PUM, launched in 2017 in Kanpur, India (see SDGs), will be concluded in 2022. A summary report will be issued about the work implemented.
- The PPP in Ethiopia, with several partners and NGOs, was concluded in December 2021. The project was focused on pollution reduction in the tanning sector. Stahl's contribution to this project was training and implementation of cleaner technologies, including Stahl Campus® training on relevant modules. A final report will be issued in 2022.
- The project initiated in Bangladesh by three key members of the Tegewa Group of chemical suppliers and the Dutch NGO Solidaridad, continued to make progress in 2021. 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 2021, and several webinars were broadcast to complement increasing awareness.
- A four-year public private partnership project was started in 2021 the Kolkata region of India, with Solidaridad, linked to the promotion of responsible chemistry in the new leather manufacturing industrial zone.

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 2021, more than 2,000 people from 150 organizations attended Stahl Campus® training courses around the world. This included both on-site training courses, and on-line trainings and webinars.

Notably in 2021, the Automotive Leather Finishing Post Graduate Certificate course was finalized after the postponement in 2020. Held for the second time in Stahl Campus® Mexico the six-week course (three x two-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. A third PG course is planned for October 2022, and the company is investigating an equivalent European based course in parallel.

4.2.4.7 Duty of care

Duty of care

Stahl has 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. Two members were added to the team since then, 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 EFPS and Sapin 2.

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 three risks:

Identifying the main risks associated with Stahl's activities; appropriate prevention, mitigation and action on monitoring; and effectiveness measures.

1) 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: The Stahl Employee Code of Conduct 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 UN Global Compact 10 principles). Suppliers are evaluated using the external independent EcoVadis rating system. The Business Partner Code of Conduct is a standard part of contracts with third parties. Both Codes of Conduct are discussed at the monthly Management Team and Quarterly Meetings with Executive Control Group;
- whistleblowing: The Stahl Whistleblower Policy allows anyone (employees and people outside the company) 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. The policy is updated in 2021. In 2021 also a Whistleblower Management Policy was implemented;
- 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, a 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;
- 2021 Human rights policy published for employees;
- 2021 Introduction of three new Diversity trainings;
- 2021: First Stahl People Experience Survey conducted;
- create, encourage and promote an open culture (e.g. employee engagement survey, webinars, trainings, employee newsletter, etc.).

Monitoring the policies and activities in place and measuring their effectiveness:

- whistleblower cases are 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 with suppliers and their suppliers;
- letter of representation, signed by local Stahl managers each year, will include CoC related risks;
- percentage of employees trained on company policies, including the Human Rights Policy;
- 2021: First Stahl People Experience Survey conducted (anonymously by an external company), 92% of all employees participated, focus groups formed on the improvement areas;
- 2021: ESG roadmap KPIs.

2) 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 ISO) 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 at customers who use our chemicals;
- create, encourage and promote an open culture (by e.g. employee engagement survey, webinars, trainings, employee newsletter, etc.);
- 2021: safety culture survey amongst all employees (96,7% response rate).

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, accidents and close calls are closely tracked, 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;
- ESG Roadmap to 2030: all sites ISO 45001 certified (replaces OHSAS 18001).

3) 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 who are 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) for climate change (CO₂);
- create, encourage and promote an open culture (e.g. employee engagement survey, webinars, trainings, employee newsletter, etc.);
- Stahl also takes into account potential safety and health risks for customers who use its chemicals, and this also requires action for mitigation. 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;
- 2021: ISO 14000 certification: 93.2% of manufacturing sites are certified (based on production volume), all sites certified by 2030 on ISO 9001 (quality), ISO 14001 (environment), ISO 45001 (OHS) and ISO 50001 (energy).

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. CO₂) but not for others (water, energy, waste). This is being investigated as part of the Stahl ESG Roadmap, for 2023 and 2030.

4.2.4.8 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	2021	2020	2019	2018	2017	2016	2015
1 Brazil, Portão	Y	Y	Y	Y	Y	Y	Y
2 China, Suzhou	Y	Y	Y	Y	Y	Y	Y
3 France, Graulhet	Y	Y	Y	Y	Y	-	-
4 Germany, Leinfelden	Y	Y	Y	Y	Y	Y	Y
5 India, Kanchipuram	Y	Y	Y	Y	Y	Y	Y
6 Italy, Palazzolo	Y	Y	Y	Y	Y	Y	Y
7 Mexico, Toluca	Y	Y	Y	Y	Y	Y	Y
8 Netherlands, Waalwijk	Y	Y	Y	Y	Y	Y	Y
9 Singapore, Singapore	Y	Y	Y	Y	Y	Y	Y
10 Spain, Parets	Y	Y	Y	Y	Y	Y	Y
11 USA, Calhoun	Y	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.

* Ranipet and Peabody are not manufacturing sites. Hospitalet was sold (2021).

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.

Recorded and reported events

As mentioned before, the internal reporting system of Stahl focusses on ensuring that all safety-related events are reported, from this data, and according to KPIs definition, calculations are done.

In case new KPIs are introduced or current ones reviewed, traceability is ensured as all recorded events are consistent with reporting criteria.

Total Reported Injuries frequency rate

The Total Reported Injuries (TRI) frequency rate is calculated on the basis of the number of total recorded number of injuries in the last 12 months over the total number of worked hours and referenced to a base of 1,000,000 hours.

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 12 months over the total number of worked hours and referenced to a base of 1,000,000 hours.

In order to align LTI FR with TRI FR, the lost days considered in this calculation are those caused by injuries with medical treatment level or higher.

Severity rate

The severity rate is the number of lost working days due to injuries in the last 12 months over the total number of worked hours and referenced to a base of 1,000 hours.

Environmental indicators

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.

Guidelines on calculation and reporting of indirect Scope 3 CO₂ emissions

Reporting framework

GHG Protocol Corporate Value Chain (Scope 3) Accounting and reporting Standard

The Greenhouse Gas Protocol (GHG Protocol) is a multi-stakeholder partnership of businesses, nongovernmental organizations (NGOs), governments, and others convened by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Launched in 1998, the mission of the GHG Protocol is to develop internationally accepted greenhouse gas (GHG) accounting and reporting standards and tools, and to promote their adoption in order to achieve a low emissions economy worldwide.

Reporting units and including of GHGs

For each Scope 3 category, total emissions of GHGs (CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆) are reported in metric tons of CO₂ equivalent (CO₂e), excluding biogenic CO₂ emissions and independent of any GHG trades, such as purchases, sales, or transfers of offsets or allowances.

Accounting and reporting principles

The GHG Protocol requires companies to follow five principles in their reporting:

1. **relevance:** ensure it appropriately reflects the GHG emissions of the company and serves the decision-making needs of users - both internal and external;
2. **completeness:** account for and report on all GHG emission sources and activities within the chosen inventory boundary; disclose and justify any specific exclusions;
3. **consistency:** use consistent methodologies to allow for meaningful comparisons of emissions over time, and transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series;

4. **transparency:** address all relevant issues in a factual and coherent manner, based on a clear audit trail; disclose any relevant assumptions and make appropriate references to the accounting and calculation methodologies and data sources used;
5. **accuracy:** ensure that the quantification of GHG emissions is systematically neither over nor under actual emissions, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable assurance as to the integrity of the reported information.

1. Relevance

Before calculating (in 2017), it was already assumed (based on expert judgement and competitors) that category 1 would be the largest category. Indeed the calculation model showed that category 1 is the major contributor to CO₂e emissions. To make sure the calculated categories reflect the GHG emissions of the company, Stahl places an emphasis on data quality and availability of its largest category: category 1 purchased goods and services. Understandably the major contributor in this category are the raw materials that Stahl buys from the chemical industry. It buys from large international chemical companies who are increasingly able to provide LCA data, including carbon footprint data on the raw materials that Stahl buys from them. Other categories in category 1 are excluded from calculation and reduction strategies, as they have a very small impact on the total footprint.

The table below shows the estimated impact of category 1 based on purchased goods and services in 2021 (based on spend in euros).

Cat.	Category	Category details	Scope	% of total
1	Purchased goods and services	Raw materials	Included	
		Water	Included	72.7% (2020 data)
		Packaging	Included	
		Maintenance contracts	Excluded	2.2% (under review 2022)
		Office supplies	Excluded	0.4% (under review 2022)
		Other services	Excluded	1.8% (under review 2022)

2. Completeness

Screening to prioritize data collection: The Scope 3 standard recommends that companies identify which Scope 3 activities are expected to have the most significant GHG emissions, offer the most significant GHG reduction opportunities, and are most

relevant to the company's business goals. Companies should begin by conducting a screening process, using less specific data, to determine the size of GHG emissions in each of the 15 categories. Then each category can be examined to determine whether to further refine its emission estimates.

Scoping the 15 emission categories (in- and exclusion)

In order to select (include or exclude from calculating) Scope 3 emissions categories that are relevant to Stahl, Stahl and Royal HaskoningDHV selected those categories (out of the 15) in 2018 and 2021. The Scope 3 emission sources were rated on relevance based on the following criteria:

Criterion	Description
Influence	The influence a reporting company has on reducing the emissions of a category. Since the end goal of reporting is to reduce emissions, influence is the most used criterion to assess whether to include a category or not. Even if a company does not have (much) influence, it can still be relevant to report on a category based on other criteria.
Size	The size of a group of products or services contribute significantly to the total expected Scope 3 emissions. This criterion can be assessed on absolute volume of products as well as by material type.
Risk	The product or service constitutes a risk for the company. The risk can be, for example, financial, regulatory, supply chain related, litigation related or reputational.
Stakeholders	Products or services important to key stakeholders of the company.
Outsourcing	Activities that are being outsourced to other companies. This also includes activities that have been performed in-house previously or are being performed in-house by competitors.
Sector guidance	The company identifies activities as relevant sector-specific guidance.
Other	The company is free to add any other criteria for determining relevant activities. A well-known criterion is the availability of data.

The table below shows the inclusion and exclusion of categories. The second table shows the reason for exclusion:

Table: inclusion and exclusion per category and methodology

Cat.	Category	Category details	Scope	Methodology or Reason for exclusion
1	Purchased goods and services	Raw materials	Included	<p>All purchased raw materials are included:</p> <ul style="list-style-type: none"> for the top 30 raw materials, CO₂ emissions have been calculated by multiplying the quantity of the raw material with a relevant emission factor (from supplier or ecoinvent). Quantities have been estimated by multiplying the share of each top 30 raw material in the total material use with the total material use; on a more detailed level, an analysis has been conducted of the CO₂ emissions of the top 15 material groups. 12 of these 15 groups are already (partly) represented in the top 30 raw materials. For these 12 groups it was calculated which amount of raw materials are not already accounted for in the top 30 raw materials. Emissions for these (unaccounted) quantities of the top 15 groups have been estimated using an average emission factor (per group), based on an average factors used for the top 30 emissions. For the remaining three groups, a general emission factor has been selected; for the remaining material groups, the emissions are calculated by applying an average emission factor (including the emission factor for demineralized water) based on the already quantified emissions.
		Water	Included	Included in the raw materials purchased
		Packaging	Included	<p>All purchased packaging is included.</p> <ul style="list-style-type: none"> Top 10 types of packaging used (in pieces) + Remaining packaging (as % of total weight)
		Maintenance contracts	Excluded	Represents 2% or less of the total spend on goods and services (2021: 2%). Under review 2022.
		Office supplies	Excluded	Represents less than 5% of the total spend on goods and services (2021: 0.4%). Under review 2022.
		Other services	Excluded	Represents less than 5% of the total spend on goods and services (2021: 2-5%). Under review 2022.

Cat.	Category	Category details	Scope	Methodology or Reason for exclusion
2	Capital goods	Facilities (plant, office, lab)	Excluded	Data on realized new facilities in 2016 not available. Under review 2022.
		Vehicles	Included	Although estimated to be not significant (compared to the amount of new facilities and equipment purchased yearly), data is available so this source is included.
		Equipment	Included	Other chemical companies show substantial emissions in this category.
3	Fuel- and energy-related activities (not included in Scope 1 or Scope 2)	Neighbor sprinklers	Excluded	Minor energy use compared to e.g. raw materials. Under review 2022.
		Partner exclusively producing for Stahl	Excluded	Minor energy use compared to e.g. raw materials. Under review 2022.
		Manufacturing	Excluded	Included in category 1.1 (PFRs). Under review 2022.
		Electricity & fossil fuel use	Included	Although estimated to be not significant, data is available, so the category was included.
4	Upstream transportation and distribution	Transport from Tier 1 suppliers to Stahl (not owned or controlled).	Included	<p>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 travelled distance per destination.</p> <ul style="list-style-type: none"> Distances by truck have been estimated using Google Maps; distance by plane has been estimated by using http://www.worldatlas.com/travelaids/flight_distance.htm. Distance by ship has been estimated using distance by plane and multiplying that distance by 1.25 to correct for non linea recta shipping movements. Based on this, tkm1 per modality and per type of transportation have been calculated. Destinations for which the distances were not specified, have been estimated by the share in the total trips of which the distance was known. Intercompany trips were adjusted for by a correction factor of 50%, as they consist of both outbound and inbound transports. Extrapolation from Waalwijk data to global data has been done based on the amounts (kg) shipped from Waalwijk versus amounts shipped globally. <p>Under review 2022.</p>
		Transport paid for by Stahl	Included	Under review 2022.
5	Waste generated in operations (going out)	Hazardous waste: solid and liquid	Included	Data available. This can be influenced by Stahl as more efficient production can reduce waste. Under review 2022.
		Non-hazardous waste: solid and liquid	Included	
6	Business travel	Taxi	Excluded	No data available, estimated to have a very low impact (taxi is used by employees mainly to get to the airport, when possible trains are encouraged). Under review 2022.
		Airplane (short < 700 km, medium, long > 2,500 km)	Included	<p>Air travel - flights (tons)</p> <ul style="list-style-type: none"> Leg distance < 700 km Leg distance 700-2,500 km Leg distance > 2,500 km <p>Private cars (tons) used for business purposes, per fuel type: gasoline, diesel, LPG, fuel type unknown, hybrid diesel, hybrid gasoline, electric and ethanol (sugar cane)</p>

Cat.	Category	Category details	Scope	Methodology or Reason for exclusion
7	Employee commuting	Personal cars	Excluded	No data available, estimated to have a very low impact. Under review 2022.
		Public transport	Excluded	No data available, estimated to have a very low impact. Under review 2022.
8	Upstream leased assets	Machines leased by suppliers	Excluded	Not applicable
		Buildings	Excluded	Not applicable (hired buildings are included in Scope 1 and 2)
9	Downstream transportation and distribution	Transport to customers (not paid for by Stahl)	Included	Relatively small emissions, but some data available.
10	Processing of sold products	Application technique: roller coating	Excluded	Possibly significant emissions but no reliable data available.
		Application technique: spraying	Excluded	Possibly significant emissions but no reliable data available.
		Wet-end products for chemical treatment	Excluded	Too diverse treatment processes – difficult to quantify or estimate. three out of four competitors for whom Scope 3 emissions were analyzed do not report cat. 10 emissions as they are very difficult to quantify.
11	Use of sold products	CO ₂ emissions when customers use and/or maintain Stahl products	Excluded	Stahl chemicals are not burnt as are fossil fuels and do not release significant quantities of greenhouse gasses during use or application. Therefore this category is not applicable. Other chemical companies do report on this scope, but unlike Stahl's products theirs are burnt or release greenhouse gas emissions such as methane, during application.
12	End-of-life treatment of sold products	End-of-life emissions of end products	Included	Very conservative estimation. End-of-life emissions from sold finished goods have been estimated by assuming a carbon content of 80% and the assumption that all (100%) finished goods (i.e. coatings on leather) will be incinerated at the end of the product lifecycle. Uncertainty is estimated to be in the order of 25% percent of total emissions from end-of-life treatment of sold products. Under review 2022.
13	Downstream leased assets	Machines leased by customers	Excluded	Minor and incidental (same for other chemical companies)
14	Franchises	Activities owned by Stahl through franchising	Excluded	Not applicable for Stahl (no franchises)
15	Investments	Activities owned by Stahl through investments	Excluded	Not applicable for Stahl (no major external investments)

3. Consistency

- Emission factors for the main category 1 are extracted from a LCA software tool (SimaPro). ESG team will track and update the emission factor annually or are updated based on supplier data (if they meet the LCA criteria).
- Every year (at least once a year) emission factors are reviewed internally (SimaPro) and when needed or desired externally (for example by Royal Haskoning, Avieco, Ernst&Young and Deloitte).
- Stahl aligns as much as possible its approach with LCA and LCI (which is compliant to ISO 14040 and 14044) for our Scope 3 calculation.

4. Transparency

Transparency relates to the degree to which information on the processes, procedures, assumptions and limitations of the GHG inventory are disclosed in a clear, factual, neutral, and understandable manner based on clear documentation (i.e., an audit trail). By disclosing its "Calculation and reporting methodology of indirect Scope 3 CO₂ emissions guidelines", Stahl provides its calculation method and presents the data included therein. The results of its calculations are also communicated externally, e.g. in the Wendel Universal registration document and Stahl's ESG report every year.

5. Accuracy

Quantification of Scope 3 emissions may go into any degree of detail. *E.g.* it is possible to calculate the CO₂-emissions associated with a single bolt or screw in a production facility. Though such a level of detail is possible, it is not necessarily of value-add to the results of the Scope 3 emission calculations. This means that it is of great importance to focus the scope of the calculation and to select the most relevant emission sources.

Uncertainties

Aligned with the GHG Protocol, the reporting methods for certain CO₂ indicators for Scope 3 emissions may have certain limitations due to the pragmatic considerations of collecting and consolidating the relevant data. For CO₂e 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 CO₂e, since indirect emissions are an estimated calculation as per the GHG protocol.

The source of its emission factors for Scope 1, 2 and 3 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;
- Scope 3 raw materials: SimaPro/Ecoinvent 3.6, Method: IPCC 2013 GWP 100a V1.03/Greenhouse Gas Protocol V1.02;
- Scope 3 fuel- and energy-related activities: DEFRA factors 2017;
- Scope 3 transport: SimaPro/Ecoinvent 3.6, Method: IPCC 2013 GWP 100a;
- Scope 3 waste: SimaPro/Ecoinvent 3.6, Method: IPCC 2013 GWP 100a;
- Scope 3 end of life: expert judgement.

4.3 Report of one of the Statutory Auditors, appointed as independent third party, on the verification of the consolidated non-financial performance statement

This is a free English translation of the report by one of the Statutory Auditors issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

Year ended December 31, 2021

To the Shareholders' Meeting,

In our capacity as Statutory Auditor of Wendel SE (hereinafter the "Company"), appointed as independent third party ("third party") and accredited by the French Accreditation Committee (Cofrac), under number 3-1048 (Cofrac Inspection Accreditation, no. 3-1048, scope available at www.cofrac.fr) and currently adapting our management system as required by the Cofrac for this accreditation (from ISO17020 to ISO 17029), we have conducted procedures to express a limited assurance conclusion on the historical information (observed or extrapolated) in the consolidated non-financial performance statement, prepared in accordance with the Company's procedures (hereinafter the "Guidelines"), for the year ended December 31, 2021 (hereinafter the "Information" and the "Statement", respectively), 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*).

Conclusion

Based on our procedures as described in the section "Nature and scope of procedures" and the evidence we have obtained, no material misstatements have come to our attention that cause us to believe that the non-financial performance 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.

Preparation of the non-financial performance statement

The absence of a generally accepted and commonly used reference framework or established practices on which to base the assessment and measurement of the Information enables the use of different but acceptable measurement techniques that may impact comparability between entities and over time.

Accordingly, the Information must be read and interpreted with reference to the Guidelines, summarised in the Statement and available on the Company's website or on request from the headquarters of the Company or its portfolio companies.

Limits inherent in the preparation of the information relating to the Statement

The Information may be subject to uncertainty inherent to the state of scientific and economic knowledge and the quality of external data used. Some information is sensitive to the choice of methodology and the assumptions or estimates used for its preparation and presented in the Statement.

Responsibility of the Company

The Executive Board is responsible for:

- selecting or determining the appropriate criteria for the preparation of the Information;
- preparing a Statement pursuant to legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies implemented with respect to these risks as well as the outcomes of these policies, including key performance indicators and the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- implementing such internal control as it determines is necessary to enable the preparation of Information that is free from material misstatement, whether due to fraud or error.

The Statement has been prepared by applying the Company's Guidelines as referred to above.

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."

As it is our responsibility to issue an independent conclusion on the information prepared by management, we are not authorised to participate in the preparation of the Information, as this could compromise our independence.

It is not our responsibility to provide a conclusion on:

- the Company's compliance with other applicable legal and regulatory provisions (particularly with regard to the information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy), the duty of vigilance and the fight against corruption and tax evasion);
- the fairness of information set-out in Article 8 of Regulation (EU) 2020/852 (Green taxonomy);
- the compliance of products and services with the applicable regulations.

Applicable regulatory provisions and professional guidance

We performed the work described below in accordance with Articles A. 225-1 *et seq.* of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement and acting as the verification programme and with the international standard ISAE 3000 (revised).

Independence and quality control

Our independence is defined by Article L. 822-11-3 of the French Commercial Code and 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 aimed at ensuring compliance with applicable legal and regulatory requirements, ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) relating to this engagement.

Means and resources

Our work engaged the skills of eight people between November 2021 and March 2022 and took a total of eighteen weeks.

To assist us in conducting our work, we referred to our corporate social responsibility and sustainable development experts. We conducted around thirty interviews with people responsible for preparing the Statement.

Nature and scope of procedures

We planned and performed our work taking account of the risk of material misstatement of the Information.

We consider that the procedures conducted in exercising our professional judgement enable us to express a limited assurance conclusion:

- We familiarized ourselves with the activities of all companies in the consolidation scope and the description of the principal risks.
- 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, 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 the principal risks associated with the activities of all the consolidated entities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their 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⁾; for certain information, our work was carried out on the consolidating entity, while for other information, our work was carried out on a selection of entities;
- 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 implemented by the Company and assessed the data collection process aimed at ensuring the completeness and fairness of the Information;

(1) *Qualitative information at Wendel level: Update of the policy on the prevention of the corruption and follow-up on Wendel protect implementation, Assessment and management of portfolio companies' exposure to physical and transition climate risks (alignment with TCFD), Integration of ESG throughout the Investment Cycle, Evolution of the ESG roadmap. Qualitative information at the level of Stahl, Constantia Flexibles and CPI: Policies and measures implemented to improve health and safety of employees at work, Policies and measures implemented to prevent climate change, Measures implemented to promote a better gender balance on the workforce, Priorities identified for offering sustainable products and services and related action plans defined.*

- For the key performance indicators and other quantitative outcomes⁽¹⁾ that we considered to be the most important, we implemented:
 - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
 - substantive tests, on a sample basis and using other selection methods, 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 entities and sites⁽²⁾ and covered:
 - for Stahl, between 5% and 13% of selected information for this subsidiary;
 - for Constantia Flexibles, between 1% and 6% of selected information for this subsidiary;
 - for CPI, 100% of selected information for this subsidiary;
 - for Wendel SE, 100% of selected information 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 the entire Company.

The procedures conducted in a limited assurance review are substantially less in scope than those required to issue a reasonable assurance opinion in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*); a higher level of assurance would have required us to carry out more extensive procedures.

Paris-La Défense, March 17, 2022

One of the Statutory Auditors,

DELOITTE & ASSOCIÉS

Mansour Belhiba
Partner

Julien Rivals
Partner, Sustainability Services

(1) Quantitative information at Wendel level: Headcount (by gender and category), Hires, Departures, Percentage of women among employees in management position and at Supervisory Board level, Energy consumption, Direct GHG emissions (scopes 1+2+3), CO2 eq emissions intensity scopes 1+2+3 per employee. Consolidated quantitative information at Wendel level: Percentage of the Investment Opportunities screened with the Exclusion List, Percentage of the Investment Opportunities subject to the ESG Due Diligence, Percentage of controlled portfolio companies with an ESG roadmap, Percentage of CEOs in the controlled portfolio whose variable compensation is contingent on progress on their ESG roadmaps, Percentage of controlled portfolio companies for which a carbon footprint assessment has been realized, Percentage of controlled portfolio companies calculating their carbon emissions in scopes 1 and 2, Percentage of controlled portfolio companies having estimated their scope 3 carbon emissions, CO2 eq emissions of scopes 1+2, Percentage of portfolio companies that have assessed their exposure to physical and transition climate change risks and opportunities, Percentage of controlled portfolio companies using renewable energy for more than 10% of their energy consumption, Percentage of controlled portfolio companies that have an environmental management system (in particular via ISO 14001 certification) for all or part of their activities, Percentage of controlled portfolio companies have adopted a continuous improvement approach to health and safety in the workplace, Lost-time accident frequency rate (per 1,000,000 hours worked), Workplace accident severity rate (per 1,000 hours worked), Percentage of controlled portfolio companies with a health and safety management system (in particular OHSAS 18001/ISO 45001) for all or part of their scope of activity, Percentage of controlled portfolio companies committed to improving gender balance in their workforce, Percentage of women in the total headcount, Percentage of women in management positions, % of women in shareholder governance bodies (Board of Directors or Supervisory Board as appropriate), Percentage of % of women in operational governance bodies (Management Committee or Executive Committee as appropriate), Percentage of controlled portfolio companies. have identified priorities for offering sustainable products and services and have defined related action plans, Percentage of consolidated revenue related to products and services with environmental and/or social added value.

(2) Wendel SE, Stahl : Leinfelden (Allemagne), Constantia Flexibles : C-Teich (Poland), CPI



W E N D E L

Societas Europea with an Executive Board and a Supervisory Board with capital of €178,991,772

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April 2022

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