



W E N D E L

## **Additional report on climate and ESG risks**

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# TCFD Report

## Governance

### **BOARD'S OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES**

Wendel's Supervisory Board comprises 10 members appointed by the Annual Shareholders' Meeting, including 4 independent members, and 2 members representing employees appointed by Wendel's Social and Economic Committee, for a total of 12 members.

The operating rules of the Supervisory Board and its committees (derived from the law, the by-laws and the Afep-Medef Code) are set out in the Supervisory Board's internal regulations (described in section 2.1.1 of Wendel's 2022 URD). These internal regulations are periodically reviewed in order to adapt them to changes in legislation and governance practices.

For the Board to fulfill its responsibilities under optimal conditions, its internal regulations stipulate that discussions on certain topics should be prepared in advance by standing committees. There are two such committees: the Audit, Risks and Compliance Committee, and the Governance and Sustainability Committee. With regard to ESG, after analysing the specific characteristics of Wendel SE in this area, it was decided to entrust the work related to this topic to the Board's two current Committees, rather than create a dedicated committee (URD p. 86).

Governance is involved in the E, S, G themes in the broader meaning. This includes strategy and climate-related issues for Wendel. Indeed, climate is one of the 4 Wendel's ESG priorities.

Responsibilities of the Supervisory Board are described in section 2.1.1.4 of Wendel's 2022 URD.

The climate-related tasks of the Supervisory Board and its Committees are declined as follows:

Supervisory Board	Audit, Risks and Compliance Committee	Governance and Sustainability Committee
<p><b>ESG strategy - ESG considerations on investments</b></p> <ul style="list-style-type: none"> <li>• ESG strategy (purpose and values, roadmap and priorities);</li> <li>• Consideration of ESG factors in investments (exclusion list and ESG investment thesis);</li> <li>• Review of the Committees' work on ESG.</li> </ul>	<p><b>Monitoring the process for preparing non-financial information, including climate information:</b></p> <ul style="list-style-type: none"> <li>• Review extra-financial information to be published (Extra-Financial Performance Declaration), including Wendel's climate plan;</li> <li>• Ensure that the process and methodology used to produce extra-financial information are rigorous;</li> <li>• Be informed of the selection process of the independent third-party, and its annual audit;</li> <li>• Inform the Supervisory Board of any observations it considers relevant on ESG reporting.</li> </ul>	<p><b>Monitoring objectives and ESG skills at Governance level, including climate issues:</b></p> <ul style="list-style-type: none"> <li>• Ensure that the Board has the required skills to assess ESG issues, risks and opportunities, and to understand applicable rules and standards for ESG matters;</li> <li>• Review the choice of the main ESG performance indicators made by management;</li> <li>• Define and assess ESG objectives applicable to the short-term and long-term Executive Board's compensation.</li> </ul>

## Supervisory Board training on ESG and climate change

In 2022, the members of the Board benefited from a training session dedicated to ESG, provided by external experts, following their expressed wish during the Supervisory Board's 2021 assessment. This training enabled the Supervisory Board members to deepen their knowledge of new ESG regulations (CSRD and Taxonomy regulations with regards to climate change adaptation and climate change mitigation), and to better understand their role in this area.

In 2023, Wendel supervisory board welcomed a new board member with a strong ESG experience: Fabienne Lecorvaisier was Deputy CEO of Air Liquide until March 2023, also in charge of Public and International Affairs, Sustainable Development and the Group's social programmes.

## ESG and climate issues on the agenda in 2022

- Supervisory Board: conclusions of the climate risk analysis of portfolio companies – 1 session.
- Governance and Sustainability Committee: organization of ESG governance; definition of the ESG training needs of Board members; assessment of achievement of the metrics linked to climate objectives in the Executive Board's compensation – 3 sessions.
- Audit, Risks and Compliance Committee: review of ESG information to be published in the URD; review of the independent third-party conclusions regarding ESG KPIs; monitoring of ESG

performance indicators; information about Taxonomy regulation (climate change mitigation and adaptation objectives) – 2 sessions.

## MANAGEMENT'S ROLE IN ASSESSING AND MANAGING CLIMATE-RELATED RISKS

The **Executive Board** establishes the Group's strategic direction and ESG roadmap. It is responsible for validating the climate strategy and the targets set.

The Executive Board is supported by an **ESG Steering Committee**. 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, Sustainable Development and Communications department, Financial Communications department, Human Resources and Operational Resources department. It meets every six weeks to monitor the Group's and its portfolio companies' ESG performance and progress made on rolling out the 2023 ESG roadmap including climate objectives.

The **Sustainable Development department** established by Wendel in 2011 reports directly to the Executive Board and coordinates initiatives in this area. The ESG department is in charge of implementing the roadmap and climate objectives. It provides technical expertise on climate issues.

The members of the Executive Board and all members of the Coordination Committee (i.e., 20% of Wendel's workforce) receive a portion of their variable compensation contingent on the achievement of ESG objectives. In 2023, criteria relating to the implementation of climate objectives have also been implemented separately for the Executive Board.

Climate issues on the agenda in 2022-2023:

- Executive Board: definition and validation of the new Wendel's climate strategy (3 sessions in 2022; 2 sessions mid-2023)
- ESG Steering Committee: definition of approach to Taxonomy and CSRD; review and relative areas of improvement for extra-financial ratings; presentation and review of new climate strategy (7 sessions in 2022, 2 sessions mid-2023)

## Strategy

To ensure that our strategy is in line with existing and future climate challenges, Wendel must first be able to identify the climate risks and opportunities for all Wendel's activities. The identification process therefore requires positioning both at the level of Wendel SE and at portfolio level. The risks and opportunities associated with these investments are specific to their activities and sectors.

In addition to the definition of the scope of analysis, Wendel also considers the time frame in which the assessment is to be carried out. In view of Wendel SE's activities and according to CSRD - ESRS 1 recommendations, we consider short-term to be within a timeframe of 1 year, the medium-term being considered between 2 and 5 years, and the long-term being beyond 5 years.

The various climate risks and opportunities identified by the Wendel Group are described below, along with their level of exposure and time horizon.

## RISKS AND OPPORTUNITIES IDENTIFIED OVER THE SHORT, MEDIUM, AND LONG TERM

**Transition risks and opportunities**

Transition risk/opportunity	Risk/opportunity Category as presented in the TCFD classification	Description	Exposure level	Time horizon	Measures in place or recommended
Transition risk – Emerging regulation	Carbon price increase	<p>Estimates from the International Energy Agency anticipate a 250% increase in the price per metric ton of carbon by 2050, assuming a low-carbon transition.</p> <p>With the exception of Constantia Flexibles, no other company in the portfolio has facilities subject to the emissions trading scheme. This increase will mainly have indirect effects in the value chain of the portfolio companies (transportation, energy, commodities, etc.).</p>	****	Mid-term	<p>Measuring and anticipating the potential cost generated by a carbon emissions tax.</p> <p>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.).</p>
Transition risk – Emerging regulation	Stricter regulations on emissions generated	<p>Recent examples related to the EU 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.</p> <p>These new regulations generate direct costs (internal and external resources mobilized to verify compliance) as well as indirect costs over the long term (operational transformations necessary for compliance).</p>	**	Mid-term	<p>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., GHG emissions reduction targets approved from the SBTi for Bureau Veritas, Stahl, 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.).</p>
Transition risk and Opportunity – Market	Change in commodities costs	<p>The energy transition requires a rapid increase in renewable energy production capacity.</p> <p>The supply of certain metals, such as aluminum, which is essential to the manufacture of wind turbines, will be affected. This metal represents a significant proportion of the raw materials used by Constantia Flexibles.</p> <p>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 energies in their total consumption. Renewables currently account for 24% of the Group's total consumption.</p>	***	Short-term	<p>Securing multiple and diversified supply chains.</p> <p>Reflection within the internal production lines in order to optimize the quantities of product used.</p> <p>Participation in the improvement of recycling capacities in order to promote the reuse of certain commodities.</p>

## Transition risks and opportunities

<b>Transition opportunity – Product and Services</b>	Substitution of existing products and services in favor of low-carbon solutions.	The transition to a low-carbon economy requires 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.	***	Mid-term	<p>Wendel encourages its portfolio companies to monitor emerging trends and the risks of substitution in their respective products. The share of sales linked to products or services with environmental added value illustrates Wendel's determination to seize transition opportunities and bring portfolio companies on board.</p> <p>As such, the portfolio companies (except ACAMS, which joined Wendel's consolidated scope in 2022) have all defined low-carbon products and services:</p> <ul style="list-style-type: none"> <li>- Bureau Veritas' Green Line segment on energy efficiency and low-carbon transition;</li> <li>- Constantia Flexibles' recyclable packaging offering;</li> <li>- Stahl's development of water-based products (with a better carbon footprint than solvent-based products);</li> <li>- digitalization of CPI's training courses.</li> </ul> <p>Wendel and its controlled portfolio companies are working to increase the share of these products and services.</p>
<b>Transition opportunity – Markets</b>	Changes in consumer expectations	<p>The transition to a low-carbon society is transforming 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"> <li>- the gradual shift to recyclable flexible packaging solutions deployed by Constantia Flexibles, in order to limit life cycle emissions from single-use plastics;</li> <li>- the management and support of trauma related to natural disasters or severe weather events;</li> <li>- the development of needs related to corporate social responsibility, eco-efficiency, emissions reduction and climate change adaptation, as expressed by Bureau Veritas Group customers.</li> </ul>	**	Mid-term	<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 involved in the management of people who have survived severe climate events, as clients receiving its training include emergency care workers and hospitals.</p> <p>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> <p>Lastly, Stahl is actively involved in the Zero Discharge of Hazardous Chemicals (ZDHC) program, which is designed to promote the sustainable management of chemicals in the fashion industry. It is also a founding member of the Renewable Carbon Initiative.</p>

## Physical hazards and opportunities – moderate or severe risks

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

Stahl's and Constantia Flexibles' climate resilience plans set out short-, medium- and long-term measures to address potential vulnerabilities. Their plans were approved by the companies' boards of directors in 2022.

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 €500 million by 2050<sup>(1)</sup>.

No sites at risk of moderate or severe hazards have been identified for Wendel SE and CPI.

The identification of sites at risk of hazards are based on the RCP 8.5 scenario projections for 2050 for Constantia and Stahl and IAE STEPS 2050/IAE SDS 20250 for Bureau Veritas. 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). This assessment of actual and effective risks at the most vulnerable sites was prepared in 2022 as part of the climate resilience plans of the relevant portfolio companies.

(1) For more information, see "Climate change adaptation" in the Bureau Veritas 2022 Universal Registration Document

## IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE STRATEGY

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. Wendel's ESG team and the operating partners ensure that climate issues are integrated into the strategy of the portfolio companies. As such, the portfolio companies (except ACAMS, which joined Wendel's consolidated scope in 2022) have all defined low-carbon products and services:

- Bureau Veritas' Green Line segment on energy efficiency and low carbon transition;
- Constantia Flexibles' recyclable packaging offer;
- Stahl's development of water-based products (with a better carbon footprint than solvent-based products);
- Digitalization of CPI's training courses.

In the pre-investment phase, Wendel's ESG teams also carry out an assessment of the most material ESG risks and opportunities, including, where relevant, an evaluation of climate risks and opportunities. This analysis is part of the in-depth due diligence process, which has been applied to all investment opportunities for over 3 years.

During the holding phase, Wendel requires each investment to have an ESG roadmap. These roadmaps, which are reviewed annually by Wendel's Executive Board and by the Governance and Sustainability Committee attached to the Supervisory Board, include action plans on climate issues in connection with one of Wendel's 4 ESG pillars. This is the case, for example, of Bureau Veritas, which, through its Climate Plan, has carried out an assessment of the financial impact of physical climate risks. This shows that the total potential impact amounts to €500 million by 2050. At Wendel Group level, nine of the Stahl and Constantia Flexibles sites have been identified as vulnerable to potentially moderate or severe physical risks by 2050. The climate resilience plans of Stahl and Constantia Flexibles define short-, medium- and long-term measures to address potential vulnerabilities. These plans were approved by the companies' boards of directors in 2022. The identification of sites at risk is based on the **RCP 8.5 scenario projections** for 2050 and **IAE STEPS 2050/IAE SDS 20250 for Bureau Veritas**. This process therefore does not 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). This assessment of actual and effective risks at the most vulnerable sites was prepared in 2021/2022 as part of the climate resilience plans of the relevant portfolio companies.



## Risk management: processes for identifying, managing, and integrating into the organization climate-related risks

Wendel's ability to seize investment opportunities, best manage its investments, and optimize financing and refinancing depends on how well it is able to assess the quality and resilience of the business models of its portfolio companies, from when those companies are acquired through to when they are divested.

The ESG and climate risks factors of Wendel and its companies in portfolio are integrated into the company's overall risk management.

The climate risks of the controlled companies in portfolio are also assessed at each company's level. In 2021, all the companies in the portfolio have carried out an analysis of the transition and physical risks and opportunities as presented in the TCFD guidelines.

All these risks and opportunities are presented in Wendel's URD 2022 in section 4.2. When significant risks have been identified, climate resilience plans have been approved at the board level of each participation in 2022 (Bureau Veritas, Stahl, Constantia Flexibles). The climate resilience plans include an action plan to address short, medium- and long-term risk for transition risks and physical risks.

In 2023, climate resilience action plans for all controlled companies were presented in Wendel's Audits, Risks and Compliance Committee.

## Metrics and targets

### METRICS USED TO ASSESS CLIMATE-RELATED RISKS AND OPPORTUNITIES

As a long-term investor committed to value creation, Wendel requires all its companies in portfolio to report on their greenhouse gas emissions through an accurate carbon footprint. To date, 100% of its companies in portfolio assess their carbon footprint yearly in accordance with GHG Protocol standards. All of the Wendel Group's scope 1 and 2 emissions (Wendel SE and controlled companies in portfolio) are audited by an independent third-party organization (please see pages 287-290 of Wendel's URD 2022), and Wendel has chosen to have its information verified with a higher level of verification ("reasonable assurance" meaning beyond mandatory law requirements). With regard to scope 3 emissions, only those from Wendel SE and Constantia Flexibles have been audited to date by our independent third-party organization in fiscal year 2022 (representing 44% of total scope 3).

At Wendel Group level, **GHG emissions are reported using the financial control approach**, in accordance with the Global GHG Accounting and Reporting Standard for the Financial Industry developed by the Partnership for Carbon Accounting Financials (PCAF Standard).

In addition to greenhouse gas emission indicators, Wendel uses the indicators below to monitor the transition of its portfolio companies:

1. Transition risks: the **share of products and services with environmental added value** offered by portfolio companies This indicator reflects the proportion of sales of products and services that contribute to environmental objectives (circularity, environment-related services and inspections,

climate change mitigation, etc.). Wendel also calculates its **alignment with the taxonomy** on its consolidated scope for climate change mitigation and adaptation objectives.

2. Physical risk: For each of its portfolio companies, Wendel tracks the **number of sites exposed to physical risks related to climate change**. For all participations except Bureau Veritas, the identification of sites at risk is based exclusively on the RCP 8.5 scenario projections for 2050. Bureau Veritas takes into account the International Energy Agency's (IEA) Sustainable Development Scenario (SDS) and Stated Policy Scenario (STEPS).

## **GHG EMISSIONS OF WENDEL AND ITS PORTFOLIO COMPANIES**

Indicators	Wendel SE	Bureau Veritas	Constantia Flexibles	Stahl	CPI	ACAMS	Wendel consolidated (financial control)
<b>Scope 1</b>	<b>15</b>	<b>71,561</b>	<b>120,271</b>	<b>11,852</b>	<b>0</b>	<b>0</b>	<b>203,699</b>
<b>Scope 2</b>	<b>158</b>	<b>79,856</b>	<b>81,598</b>	<b>4,617</b>	<b>995</b>	<b>0</b>	<b>167,224</b>
<b>Scope 3</b>	<b>3,362</b>	<b>577,847</b>	<b>1,390,881</b>	<b>685,441</b>	<b>2,060</b>	<b>371</b>	<b>3,290,557</b>
3.1 Purchased goods and services	2,719	361,943	1,361,862	622,717	120	5	<b>2,349,365</b>
3.2 Capital goods	7	0	0	6,958	0	0	<b>6,965</b>
3.3 Fuel- and energy-related activities (not included in scope 1 or scope 2)	23	41,501	29,019	7,187	89	0	<b>77,819</b>
3.4 Upstream transportation and distribution	0	0	0	34,965	534	0	<b>35,498</b>
3.5 Waste generated	7	5,506	0	2,539	11	0	<b>8,063</b>
3.6 Business travel	496	69,954	0	2,352	884	302	<b>73,988</b>
3.7 Employee commuting	17	40,466	0	1,427	405	64	<b>42,379</b>
3.8 Upstream leased assets	0	58,477	0	0	0	0	<b>58,477</b>
3.9 Downstream transportation and distribution	0	0	0	2,448	4	0	<b>2,451</b>
3.10 Processing of sold products	0	0	0	0	0	0	<b>0</b>
3.11 Use of sold products	0	0	0	0	7	0	<b>7</b>
3.12 End-of-life treatment of sold products	0	0	0	4,850	8	0	<b>4,858</b>
3.13 Downstream leased assets	0	0	0	0	0	0	<b>0</b>
3.14 Franchises	0	0	0	0	0	0	<b>0</b>
3.15 Investments	0	0	0	0	0	0	<b>630,595*</b>
Other (upstream)	0	0	0	0	0	0	<b>0</b>
Other (downstream)	92	0	0	0	0	0	<b>92</b>
<b>Total</b>	<b>3,535</b>	<b>729,264</b>	<b>1,592,750</b>	<b>701,910</b>	<b>3,055</b>	<b>371</b>	<b>3,661,480</b>

\* GHG emissions relating to category 3.15 Investments correspond to the GHG emissions of Tarkett and IHS, over which the Wendel Group has no financial control as specified in the GHG Protocol. Consequently, and in accordance with the guidelines of the GHG Protocol, these emissions have been recorded under item 3.15.

All Scopes 1, 2 and 3 tCO<sub>2</sub>eq emissions reported for the entities are calculated, verified, and communicated in accordance with the recommendations of the GHG protocol. Scope 3 emissions exclude GHG protocol categories that are not relevant for the respective entities. For that reason, several null data are displayed in the table above.

## Emissions generated by Wendel and its portfolio companies in 2022: consolidation using GHG Protocol's financial control approach

Under the financial control approach to consolidation, the Company accounts for 100% of the emissions of controlled assets (Bureau Veritas, Constantia Flexibles, Stahl, CPI, ACAMS and Wendel SE) and includes the emissions (Scopes 1, 2 and 3) of non-controlled assets in Scope 3, in proportion to its share in the holding. Emissions related to Wendel Growth investments are not included as they are not deemed material.

In tCO <sub>2</sub> eq	Total emissions – financial control approach 2021 <sup>(2)</sup>	Total emissions – financial control approach 2022 <sup>(1)</sup>	2021/2022 change (%)
<b>Scope 1</b>	205,070	203,699	-0.7%
<b>Scope 2<sup>(3)</sup></b>	177,184	167,224	-5.6%
<b>Scope 3<sup>(4)</sup></b>	3,376,266	3,290,557	-2.5%
<b>TOTAL</b>	<b>3,758,520</b>	<b>3,661,480</b>	<b>-2.6%</b>

(1) IHS Towers' Scope 1, 2 and 3 emissions and Constantia Flexibles' Scope 3 emissions 2022 will be available after the publication of the URD. We have used the 2021 data. IHS Towers' Scope 3 emissions are not available.

(2) Stahl's and Bureau Veritas' 2021 Scope 3 emissions were reassessed in 2022 (see sections 4.2.1 and 4.2.3 – URD 2022 Wendel). Tarkett's Scope 3 emissions were reassessed in 2022. The reassessed 2022 Scope 3 emissions are used in the 2021 consolidated emissions. Constantia Flexibles' 2020 Scope 3 emissions have been used for comparability purposes.

(3) Scope 2 emissions are calculated and consolidated on a market-based basis as soon as the emission factor data is available.

(4) The emission items included in the controlled portfolio companies' Scope 3 emissions are listed in 4.2 ESG performance of controlled portfolio companies in the 2022 Wendel URD. These emissions items can also be found in the previous table. Downstream and/or upstream emissions are included depending on their materiality by business sector.

## Focus on the scope 3 financed absolute emissions of Wendel Group

The scope 3 financed absolute emissions, also known as scope 3 category 15, is a category of emissions associated with the reporting company's investments in the reporting year. Within the scope of Wendel, and in accordance with the PCAF guidelines, these emissions correspond to those of Tarkett and IHS. At 31 December 2022, these two companies are not under control of the Wendel Group. The following emissions correspond to scopes 1, 2 and 3 of those companies, in proportion to its share in the holding.

In tCO <sub>2</sub> eq	Total Scope 3 – financed emissions 2021	Total Scope 3 – financed emissions 2022	2021/2022 change (%)	Carbon footprint (tCO <sub>2</sub> e/ portfolio market value at December 2022)
<b>Tarkett</b> <sup>(1)</sup>	404,316	435,956	-0.7%	4,954
<b>IHS</b> <sup>(2)</sup>	194,639	194,639	-5.6%	510
<b>TOTAL</b>	<b>3,758,520</b>	<b>630,595</b>	<b>-2.6%</b>	<b>1,342</b>

(1) Tarkett's Scope 3 emissions were reassessed in 2022. The reassessed 2022 Scope 3 emissions are used in the 2021 consolidated emissions.

(2) IHS Tower's Scope 1, 2 and 3 emissions are available after the publication of the URD. We have used the 2021 data. HIS Tower's Scope 3 is not available.

## Carbon targets at Wendel SE and portfolio companies' level

Wendel SE is committed to reducing its GHG emissions by filing an approval application with the SBTi.

Wendel has committed to set near-term company-wide emission reductions in line with climate science with the SBTi. Wendel's targets will be submitted to SBTi for approval by the end of 2023.

Wendel's near-term targets will be set at 2 levels:

- Greenhouse gas emissions from Wendel's offices (scopes 1 and 2)
- Greenhouse gas emissions from eligible companies in Wendel's portfolio, using the "portfolio coverage approach" from SBTi guidelines (scope 3).

As part of this SBTi commitment, Wendel Group has chosen to use the Portfolio Coverage Approach (PCA) for its scope 3. According to SBTi PCA approach, all the GHG emissions are accounted in scope 3, whether company in portfolio is controlled or not. Portfolio companies will be considered eligible according to the following criteria:

- For Growth capital, a company portfolio is considered eligible if Wendel holds at least 25% of the diluted shares and a seat on the board.
- For Venture capital, a company portfolio is considered eligible if Wendel holds at least 15% of the diluted shares and a seat on the board.

**The PCA approach implies reaching 100% of SBTi approved eligible companies in the portfolio by 2030.**

## Wendel SE's SBTi commitment

GHG emissions from offices Scopes 1 & 2	GHG emissions from the eligible companies in portfolio (controlled and not controlled) Scope 3 cat. 15
<b>Perimeter:</b> Wendel SE <b>Scopes:</b> 1 and 2	<b>Perimeter:</b> eligible portfolio companies – Bureau Veritas, Stahl, Constantia Flexibles, ACAMS, CPI, Tadaweb <b>Scopes:</b> 1, 2 and 3
<b>Target:</b> - 42% in 2030 versus base year	<b>Target:</b> 100% of GHG emissions from eligible portfolio companies covered by SBTi approvals by 2030 at the latest.
<b>Base year GHG emissions:</b> 173 tCO <sub>2</sub> eq	-

**Base Year: 2022**

**Please note that these targets have not yet been approved by SBTi and may be subject to adjustment** according to feedback or recommendations from the initiative on Wendel's targets.

**This comes in addition to SBTi commitments already approved for the following companies in portfolio:**

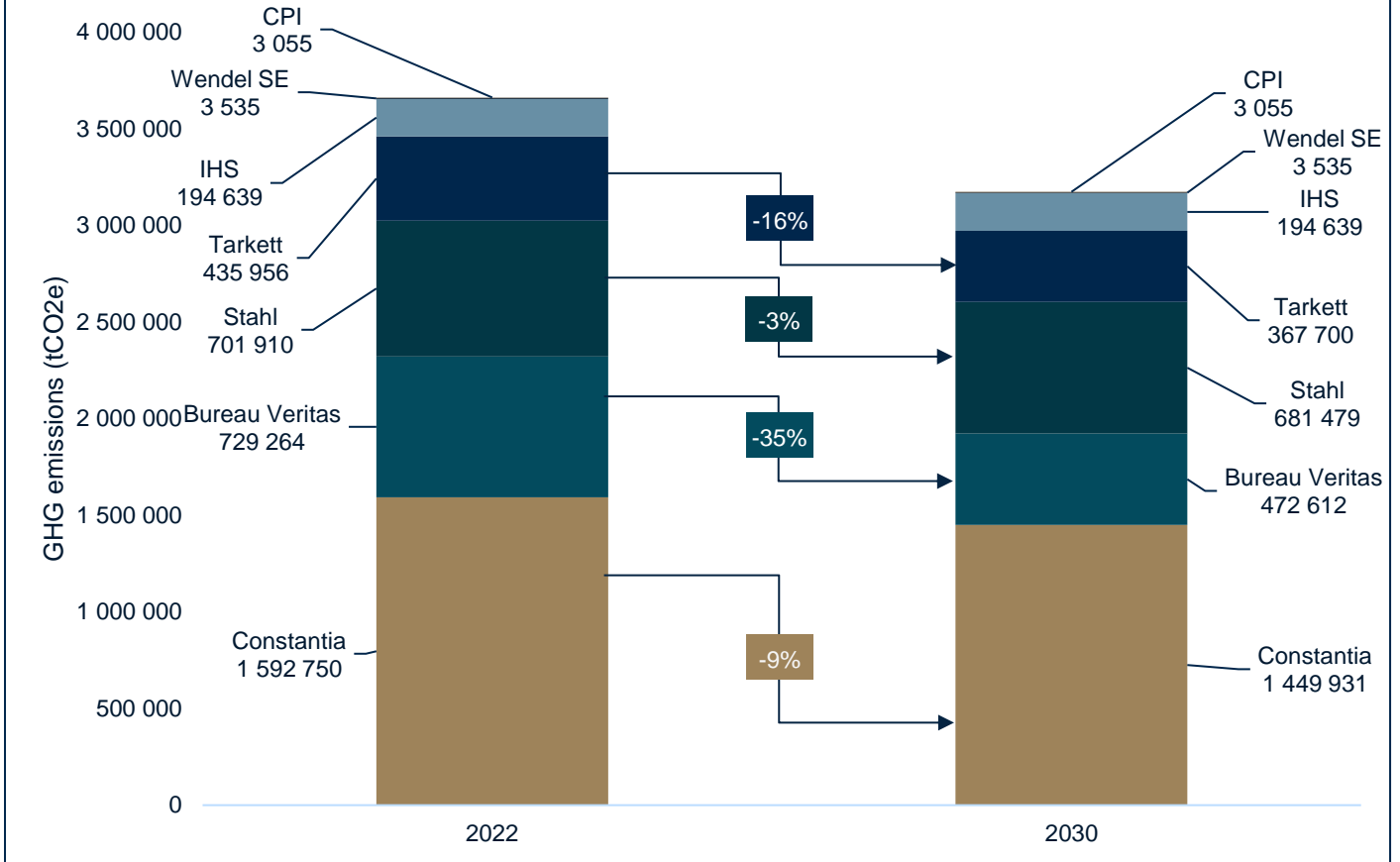
To date, around 99,9% of Wendel SE's controlled portfolio companies GHG emissions are covered by Science-Based Targets approved by the SBTi. More specifically, the emissions covered by SBTi approvals correspond to the emissions (scopes 1, 2 and 3) of the following companies: Bureau Veritas, Constantia Flexibles and Stahl. The approval commitments made by these companies are as follows:

- Bureau Veritas: -42% on Scopes 1 and 2 and -25% on Scope 3 by 2030 – baseline year 2021;
- Constantia Flexibles: -24% on Scopes 1, 2 and 3 by 2030 and -49% on Scopes 1, 2 and 3 by 2050 – baseline year 2015;
- Stahl: -42% on Scopes 1 and 2 by 2030 and -25% on Scope 3 by 2030 – baseline year 2021;

Although Wendel SE's SBTi scope 3 target does not apply to Tarkett because it is not a eligible portfolio company due to shareholder rate lower than 25%. The company also has a GHG emissions reduction target approved by SBTi: Tarkett has committed to reducing its Scope 1 and 2 emissions by 50% and its Scope 3 emissions by 27.5% by 2030 (baseline year 2019).

Please find below the 2022 consolidated GHG emissions of Wendel Group according to the financial control approach of the GHG Protocol. You will also find the consolidated GHG emission targets for 2030 including the different SBTi approved reduction targets.

## Wendel Group's consolidated emissions in 2022 compared to SBTi approved 2030 targets



Please refer to previous tables, in particular in particular table in page 11, to get more information about reporting methodology.

# Risk & Materiality

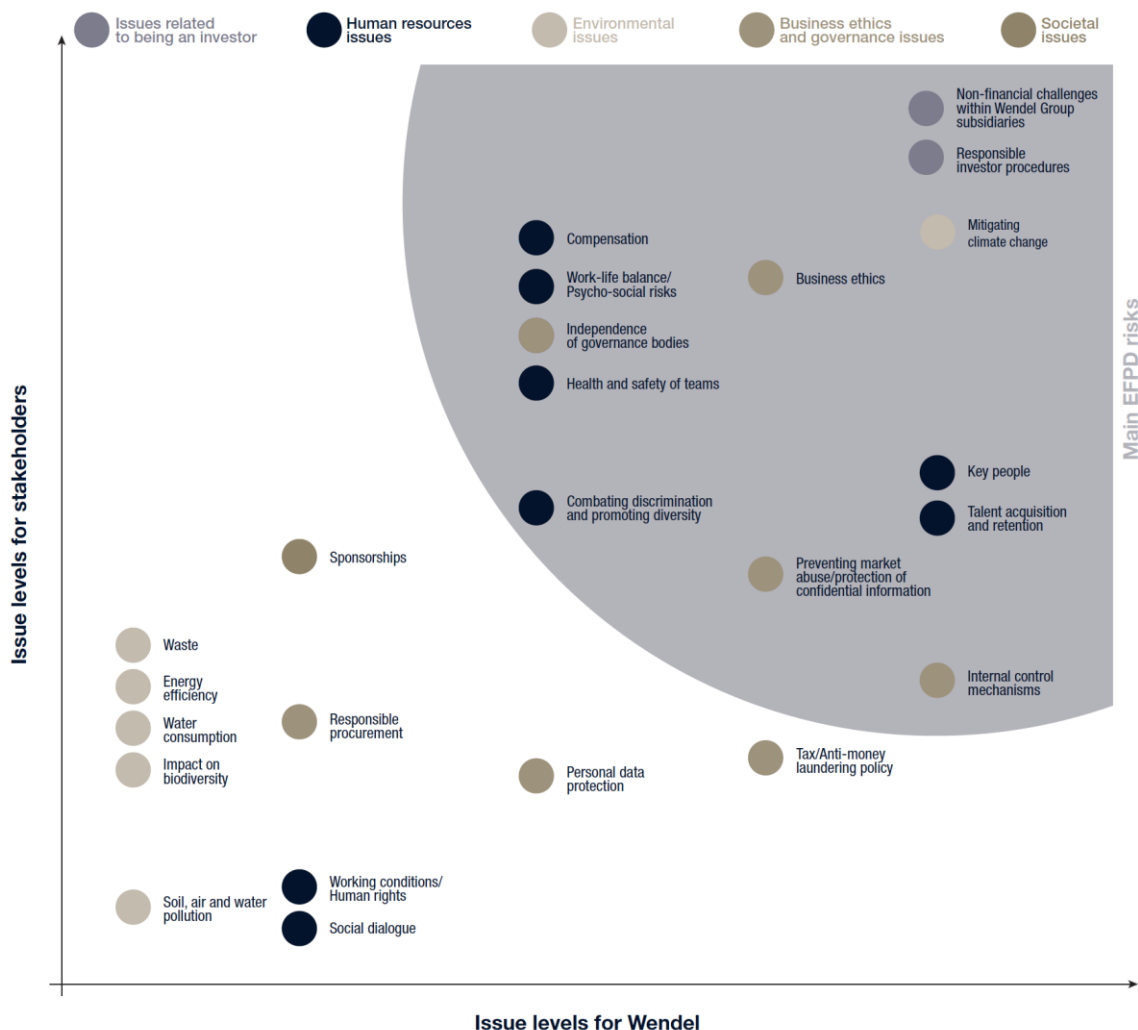
## ESG MOST MATERIAL RISKS

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 materiality analysis is updated annually, with collaboration from the relevant Wendel's departments. The results of each annual analysis are translated into a materiality matrix including 2 dimensions: (y-axis) corresponding to the impact on Wendel's stakeholders and (x-axis) corresponding to the impact on Wendel's business model. The materiality assessment is validated by the ESG Steering Committee on an annual basis.

ESG material issues are an integral part of the risk universe of the Group's global risk mapping (ERM), as a broad theme, and are therefore rated at ERM level.

It should be noted that the process of evaluating and prioritizing ESG issues is verified each year by our independent third-party body, in accordance with European NFRD regulations transposed into French law (EFPD- Extra Financial Performance Disclosure).

The main ESG issues that have been identified are those presented in the upper circle of the following matrix:





## ESG RISKS CORRESPONDENCE TABLE WITH THE MATERIALITY MATRIX AND THE 2022 UNIVERSAL REGISTRATION DOCUMENT

Wendel Group's main ESG issues	ESG risks and opportunities description	Wendel's policies - sections in the URD
<ul style="list-style-type: none"> <li>Responsible investor procedures</li> </ul>	<ul style="list-style-type: none"> <li>Wendel Group's ESG issues and responsible investment procedures</li> </ul>	<ul style="list-style-type: none"> <li>Section 4.1.5 Wendel Group's ESG strategy</li> </ul>
<ul style="list-style-type: none"> <li>Non-financial challenges within Wendel Group subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>Portfolio companies' ESG issues</li> </ul>	<ul style="list-style-type: none"> <li>Section 4.2 ESG performance of controlled portfolio companies</li> </ul>
<ul style="list-style-type: none"> <li>Mitigating climate change</li> </ul>	<ul style="list-style-type: none"> <li>Risks related to climate change</li> </ul>	<ul style="list-style-type: none"> <li>Section 4.1.5 and 4.2 (integrated in Wendel's ESG risks and the portfolio companies' ESG performance)</li> </ul>
<ul style="list-style-type: none"> <li>Key people</li> <li>Talent acquisition and retention</li> <li>Compensation</li> <li>Work-life balance/Psycho-social risks</li> <li>Health and Safety of teams</li> <li>Combating discrimination and promoting diversity</li> </ul>	<ul style="list-style-type: none"> <li>Risks related to Wendel's human resources</li> </ul>	<ul style="list-style-type: none"> <li>Section 4.3.1 HR performance – fostering commitment, well-being, support, employability, and inclusion</li> </ul>
<ul style="list-style-type: none"> <li>Independence of governance bodies</li> <li>Internal control mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Risk of non-independence of governance bodies and control mechanisms</li> </ul>	<ul style="list-style-type: none"> <li>Section 4.3.3 Governance and business ethics</li> </ul>
<ul style="list-style-type: none"> <li>Business ethics</li> <li>Preventing market abuse/protection of confidential information</li> </ul>	<ul style="list-style-type: none"> <li>Risks related to business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Section 4.3.3 Governance and business ethics</li> </ul>

The annual materiality assessment revealed that the following three risks have the greatest impact on long-term value creation:

- Wendel Group's ESG issues and responsible investment procedures:** As an investor, Wendel's long-term value creation depends on the performance of the companies in its portfolio and on the way in which Wendel is able to support its portfolio companies over the long term. It is therefore essential for Wendel to ensure that the investments it makes comply with the ESG procedures. These procedures aim to assess the maturity of companies using a 360-degree approach, to evaluate the levels of existing risks and opportunities, and to create adequate value creation plans. It is now recognized that ESG risks can be detrimental to a company's performance and that, on the contrary, ESG opportunities are a source of value creation. As a result, Wendel decided to screen 100% of investment opportunities through its exclusion list, to carry out a review of the main ESG risks and opportunities for 100% of investment opportunities, and to carry out in-depth due diligence for each opportunity.
- Portfolio companies' ESG issues:** It is essential that portfolio companies analyse, evaluate, and implement control measures for their main ESG issues. Although it is still complex to reconcile ESG

performance and financial performance at a global level, it is nevertheless possible to identify, by type of ESG risk or opportunity, the possible gains or costs generated. The deterioration in financial performance that could result from a lack of control would have a direct impact on Wendel's long-term shareholder value through a fall in its net asset value. Through regular dialogue and performance indicators, Wendel ensures that all the companies in its portfolio monitor their ESG issues. As a result, by 31 December 2022, 100% of controlled portfolio companies formalized an ESG transformation roadmap aligned with their global strategy and 100% of these roadmaps are reviewed each year by Wendel's Executive Board.

- **Risks related to climate change:** Wendel and its stakeholders are conscious of the urgency of the fight against climate change and the need to take its impact into account in its strategic planning and operational management. The impact of climate change on business is growing all the time, and the resulting risks will become increasingly critical as the years go by. As the TCFD points out, businesses are exposed to two types of risk related to climate change: transition risks and physical risks. These risks involve all time horizons and exposure to these risks is quantifiable. However, climate change can also be a source of opportunities for companies capable of adapting to new conditions. Wendel needs to assess its exposure to climate change risks, both at the level of the parent company and at the level of the companies in its portfolio. Overexposure to these risks could lead to a loss of value in the companies held, and thus to a decline in the Group's performance. For example, Bureau Veritas, one of the portfolio companies, assessed that physical risks could have a total financial impact of up to 500 million euros by 2050. In order to manage climate change issue, Wendel continued and continues to assist its controlled companies with the management of their climate strategy, in particular by monitoring the action plans implemented following the 2022 climate risk analysis. Wendel ensures that its consolidated companies all analyze their carbon footprint every year and identify short-, medium- and long-term reduction paths and targets. At 31 December 2022, 100% of the controlled companies that have identified risks related to climate change adaptation (Constantia Flexibles, Stahl, Bureau Veritas) have developed a climate resilience plan approved by their boards of directors.

Conversely, appropriate action plans to adapt would be a source of value creation and sustainability. Wendel also works closely with its portfolio companies to develop products and services with added environmental value. At the end of 2022, 55% of net sales were associated with this kind of products or services. This ratio for products and services with environmental added value therefore covers:

- Bureau Veritas' "Green Line" certification services offering, which represents 55% of its net sales, was up 3% compared to 2021. The associated share of net sales has been calculated on the basis of this sales ratio (see section 4.2.1 – Bureau Veritas' ESG performance – Wendel's URD 2022);
- Constantia Flexibles' recyclable flexible packaging offering, 59% of the products portfolio is designed for recycling <sup>1</sup> in 2022 (see section 4.2.2 – Constantia Flexibles' ESG performance – Wendel's URD 2022) ;
- Stahl's water-based products, eligible for the EU Green Taxonomy under the category "Other low-carbon manufacturing technologies", accounted for 57% of the company's sales in 2022. The composition of these products (high water content and low solvent content) results in a significant reduction in CO2 emissions generated over the product life cycle. An emissions reduction target has been set; it is monitored on the basis of life cycle analyses carried out in accordance with ISO 14040/44 (see 4.2.3 on Stahl's ESG performance – Wendel's URD 2022).

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<sup>1</sup> Only estimates of the proportion of Constantia Flexibles' recyclable solutions for 2022 were available as of the date of publication of the 2022 URD. The ratio is based on sales volumes, expressed in square meters. The ratio increases to 62% of sales when expressed in euros (of which 65% of consumer division sales), excluding the Indian operations excluded from the financial reporting scope as of December 31, 2022

## MATERIAL ISSUES FOR EXTERNAL STAKEHOLDERS

- **Climate change:** The challenges of climate change have become global issues that must be addressed by the whole of society, including the financial sector. Wendel seeks to address them by activating the relevant levers, both through its investment strategy and through the transition plans implemented within its portfolio companies. Wendel and its portfolio companies are aware of the negative external impacts of CO2 emissions from their activities. Wendel's companies in portfolio carry out their own carbon footprint, which is made public, and each company has an ESG roadmap for improving its environmental performance.
- **Non-financial performance of portfolio companies:** Through its investments Wendel has a direct impact on external stakeholders. These impacts concern both society and the environment. Indeed, the diversity of the activities of the companies in which Wendel invests gives rise to multiple impacts. Wendel's objective as a long-term investor is to create value by minimizing the negative impacts of its activities and maximizing the positive impacts. In particular, Wendel is working to develop products and services with added environmental or social value for its portfolio companies:
  - Bureau Veritas' "Green Line" certification services offering, Constantia Flexibles' recyclable flexible packaging and Stahl's water-based offering – representing 55% of Wendel's consolidated turnover (see risks related to climate change above)
  - The entire CPI training offer, which aims to reduce violent behavior and improve personal safety in the workplace (see section 4.2.4 on CPI's ESG performance – Wendel's URD 2022)
  - The entire ACAMS training offer, which aims to combat financial crime (see section 4.2.5 on ACAMS' ESG performance – Wendel's URD 2022).

## EMERGING RISKS

As a long-term investor, and beyond capturing immediate and current social and environmental trends affecting its activity, Wendel also remains attentive to long-term risks associated with emerging large-scale challenges, and their direct impact on Wendel's activity. While not constituting specific risks for Wendel at that stage, as they are also relevant to other companies irrespective of their business, two emerging global challenges might impact Wendel's investment activity in the current and next decade.

### **Military conflicts and civil unrest**

According to US National Intelligence Council's report "Global Trends 2040: A more contested world", the challenges that geopolitical risks create will become broader and more complex in the decades to come, as "a broader range of actors will compete to advance their ideologies, goals, and interests." Conflicts, unrest, and rising national and international tensions, as demonstrated by the recent example of the Russia-Ukraine conflict, can have direct consequences for businesses located in these countries (risk of endangerment of local workers, material damages, expropriation...) and well as indirect consequences for all economic actors (commodity price volatility, liquidity crises, sectoral downturns).

- **Impacts**

As an investor with a global footprint, Wendel's investments may be located in countries subject to growing tensions, with a risk of escalation into an open conflict in the distant future. Unrest can disrupt local operations, affect the local and international supply chain of our investments, create unsafe working environments and lead to material damage to our assets. Knock-on effects which might affect our industrial portfolio companies include surges in raw material prices and energy, scarcity of resources and suppliers, and stagflation. Moreover, as a listed company, Wendel is directly exposed to the high volatility of the global stock market in times of conflict, with risks of rapid share price drops.

- **Mitigation actions**

Wendel and its portfolio companies pay utmost attention to the geopolitical context in which all business operations are conducted. Risks of international and internal tensions in the long term are systematically assessed and taken into account during pre-acquisition phase to minimize exposure. Investment teams and support teams can provide specific expertise on how to navigate challenges such as political instability, international sanctions and jurisdictional risks. Wendel's family ownership and permanent capital provide greater stability during periods of market instability.

Moreover, as a French listed company, all controlled portfolio companies disclose their vigilance plan with regards to the Duty of Care French Law, which requires regular monitoring of situations where threats to human rights might arise.

### **Transformation of working methods**

The transformation of working methods, with remote working becoming the norm, is likely to pose new risk in terms of IT security, attractiveness and talent retention, mental health and well-being at work. With an accelerator like Covid-19, this transformation, which has already begun, could prove to be a risk for companies unable to adapt to new expectations and/or unable to adapt their operational processes for creating value. The transformation of working methods, with companies operating in "hybrid" mode (on site and at home) or in a "full-remote" model also presents an increased risk in terms of IT security.

- **Impacts**

The impact of an inability to adapt could be multiple for Wendel. As a services company, the loss of expertise through the departure of employees would have the most detrimental impact, since Wendel would no longer be able to monitor the investments made and would no longer be able to invest. This impact would be even greater if portfolio companies were affected since it could lead to a loss of portfolio value. The transformation of working methods also presents a risk in terms of IT security. Teleworking or working remotely can be a source of risk, with the need to reinforce control levels and business continuity solutions. In the event of a cyber-attack, production processes can be rendered inoperable, resulting in loss of revenue, increased costs, and the loss of portfolio value.

- **Mitigation actions**

As an employer, Wendel tries to ensure that its employees' working conditions promote a positive work-life balance environment. This balance also promotes their long-term commitment and investment in the Company's goals. Wendel's Remote Work Charter aims to offer flexibility to employees who wish to work from home. In this context, Wendel remains vigilant with regard to the application of the Charter on the right to disconnect. Furthermore, Wendel wants to introduce a process for continuously improving quality of life at work. With this in mind, the Company decided to renew its survey to assess mental health risks in 2022. Although this is a requirement under French law, the Company has opted to extend it to all its international offices. Regarding IT security, Wendel's IT systems are tailored to its current objectives and have been designed to support its future objectives. The systems' hardware and software include security mechanisms for protecting the data they store (access protection, backup procedures). Wendel has decided to use cloud-based systems and a global solution (Microsoft Office 365) to maximize data security. Additionally, it improved its IT security, with the help of an external provider, in order to consolidate its strength and readiness to resist to cybersecurity attacks. Increased reliance on remote work over the past few years has also made it necessary to roll out cybersecurity dedicated employee awareness campaigns.